ELLIS : LAWHORNE

John J. Pringle, Jr.
Direct dial: 803/343-1270
jpringle@ellislawhorne.com

August 21, 2006

FILED ELECTRONICALLY AND BY FIRST-CLASS MAIL SERVICE
The Honorable Charles L.A. Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Phone1, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Operator Assisted Interexchange Telecommunications Services Within the State of South Carolina and for Alternative Regulation First Granted in Docket No. 95-661-C
Docket No. 2006-____-C, Our File No. 1212-11385

Dear Mr. Terreni:

Enclosed is the original and one (1) copy of the **Application** filed on behalf of Phone1, Inc. in the above-referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

John J. Pringle, Jr.

JJP/cr
cc: Office of Regulatory Staff Legal Department
Ms. Kristin Marculaitis
Ms. Monique Byrnes
Enclosure

THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

In the Matter of the Application of **Phone1, Inc.** for a Certificate of Public Convenience and Necessity to Provide Resold and Operator Assisted Interexchange Telecommunications Services Within the State of South Carolina and for Alternative Regulation first granted in Docket No. 95-661-C	)))))))))	Docket No. ____________________

Phone1, Inc. ("Phone1" or "Applicant") hereby submits its application for a Certificate of Public Convenience and Necessity to resell intrastate interexchange telecommunications services. This filing is made pursuant to South Carolina Statute 58-9-520 and the rules and regulations of the South Carolina Public Service Commission (the "Commission"). In addition, Phone1 requests that the Commission regulate its business offerings in accordance with the principles and procedures established for alternative regulation in Orders Nos. 95-1734 and 96-55 in Docket No. 95-661-C, and as modified by Order No. 2001-997 in Docket No. 2000-407-C. In support of its application, Phone1 states as follows:

1. **The legal name and principal address of the Applicant are:**
   Phone1, Inc.
   100 N Biscayne Boulevard, 25th Floor
   Miami, Florida 33132
   Phone: 305-371-3300
   Fax: 305-371-4686
   Toll-Free: 866-674-6631

2. **Correspondence or communications regarding this application should be addressed to:**
   Monique Byrnes, Consultant to Phone1, Inc.
   Technologies Management, Inc.
   210 N. Park Avenue
   Winter Park, FL 32789
   Phone: 407-740-8575
   Fax: 407-740-0613

   And

John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
Post Office Box 2285
Columbia, SC 29202
Phone 803-779-0066
Fax 803-799-8479

3. **The contact person regarding ongoing operations of the company is:**

Kristin Marculaitis
Phone1, Inc.
7411 John Smith Drive, Suite 200
San Antonio, TX 78229
Phone: 210-949-7410
Fax: 210-949-7436
E-Mail: kmarculaitis@phone1.com

4. Phone1, Inc. was incorporated on December 6, 2000, under the laws of the State of Florida. A copy of Phone1's Articles of Incorporation is provided in **Exhibit I.**

5. Phone1 obtained a Certificate of Authority to transact business as a foreign corporation in the State of South Carolina on February 19, 2004. A copy of this certificate is provided in **Exhibit II.**

6. Phone1 will operate as a reseller of existing facilities and will provide direct dial to end users and operator assisted service locations. Service will be provided twenty-four (24) hours per day, seven (7) days a week.

Phone1 will utilize Billing Concepts as its billing clearinghouse. Customers will receive charges on their local exchange company bill. The toll-free telephone number for customer inquiries and complaints is 866-674-6631. The Customer Service Department is staffed twenty-four (24) hours a day, seven (7) days a week.

7. Phone1 will utilize certificated facilities-based carriers for underlying carrier service such as Qwest. Calls are routed over switched access facilities to the nearest underlying carrier's point-of-presence. The underlying carrier transports the calls to its switch and terminates calls over its own terminating network.

8. Customers are charged individually for each call placed through the Company's network. Charges may vary by service offering, mileage band, class-of-call, time-of-day, day-of-week and/or call duration. Customers are billed based on their use of Phone1's services and network.

9. Phone1 contracts for services from its underlying carrier at discounted rates based on a long-term volume commitment.

10. Phone1's underlying transmission carrier is selected based on the best mix of quality, service and price.

11. Applicant has a team of managers and support personnel who are well qualified to operate a telecommunications business. Additionally, Phone1 relies on its underlying carrier's technical expertise for the operation, maintenance and supervision of the network. Resumes of key personnel are included in **Exhibit III.**

12. Phone1 has sufficient resources to operate in South Carolina. No additional capital expenses are anticipated as a result of entering the South Carolina market. In support of the Company's financial ability to provide the proposed services, the Applicant offers the financial statements of its parent company, Phone1 GlobalWide as **Exhibit IV.**

13. Attached as Exhibit V is a copy of Phone1's proposed telecommunications tariff, setting forth its rates, charges and regulations.

14. Phone1 requests authority to handle interLATA, intrastate calls and intraLATA calls. Approval of Phone1's application will serve the public interest in South Carolina by creating greater competition in the interexchange marketplace, and by providing users with additional choices for billing and terminating their long distance and operator service calls. Phone1 offers quality operator assisted telecommunication services at competitive prices.

15. In Docket No. 95-661-C in response to a Petition for Alternative Regulation by AT&T Communications of the Southern States, this Commission determined that there was sufficient competition in the market for certain interexchange telecommunication services to justify a relaxation in the manner in which AT&T was regulated. Phone1 submits that as a competitor of AT&T in the interexchange telecommunications services it should be subject to no regulatory constraints greater than those imposed on AT&T. Phone1 requests that its business service offerings be regulated under this form of relaxed regulation.

These alternative regulation orders were modified by Order No. 2001-997 in Docket No. 200-407-C. Commission Order 2001-997 imposed a maximum cap of $1.75 for operator surcharges and a cap of $0.35 related to the flat per-minute rate associated with operator-assisted calls where a consumer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as their toll provider.

16. Both because of the level of competition found by the Commission in Docket No. 95-661-C and because of the Commission's decision to permit AT&T greater rate flexibility, Phone1 submits that it is critical to the continued development of a competitive market for telecommunication services that the relaxation of regulation described in Orders No. 95-1734 and 96-55 as modified by Order No. 2001-997 be applied to Phone1's business service offerings.

17. **Waivers and Regulatory Compliance**

Phone1, Inc. requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive providers. Such rules are not appropriate for competitive providers and constitute an economic barrier to entry into the interexchange market.

A. Phone1 requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Phone1 maintains its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP"). GAAP is used extensively by interexchange carriers. Moreover, Phone1 asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate Phone1' operations and assess its financial fitness. Therefore, Phone1 hereby requests an exemption from the USOA requirements.

17. **Waivers and Regulatory Compliance, (Cont'd.)**

B. In addition, Phone1 requests a waiver of S.C. Reg. 103-610, and to be allowed to maintain its books and records at its headquarters location in Miami, Florida. In the event that the Commission finds it necessary to review Phone1's books, this information will be provided upon request to the Commission or Phone1 will bear the expense of travel for the Commission staff to examine the books and records located outside of South Carolina.

WHEREFORE, Phone1, Inc., requests that the South Carolina Public Service Commission issue a Certificate of Public Convenience and Necessity authorizing it to provide resold intrastate telecommunications and operator assisted interexchange services to the public as proposed herein and set forth in the attached tariff, grant the Company Alternative Regulation as first approved in Docket No. 95-661-C and grant such other relief as is just and proper.

Dated this 21st day of August, 2006.

Respectfully submitted,

John J. Pringle, Jr., Esquire
Bar No. 11208
Ellis, Lawhorne & Sims, P.A.
1501 Main Street, 5th Floor
PO Box 29202
Columbia, SC 29211-1547
Phone: 803-779-0066
Fax: 803-799-8479

APPLICATION OF PHONE1, INC.

List of Exhibits

Exhibit I	Articles of Incorporation
Exhibit II	Authority to Operate as a Foreign Corporation
Exhibit III	Resumes and Technical Expertise of Key Personnel
Exhibit IV	Financial Statements
Exhibit V	Proposed Tariff
Exhibit VI	Authorized Utility Representative Form
Exhibit VII	Proposed Notice of Filing

EXHIBIT I

Phone1, Inc.

Articles of Incorporation

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

00 DEC -7 PM 5:18

ARTICLES OF INCORPORATION

OF

PHONE1, INC.,
a Florida Corporation

ARTICLE I

NAME

The name of this corporation is **Phone1, Inc.** and its principal and mailing address is 600 Brickell Avenue, Suite 206E, Miami, Florida 33131.

ARTICLE II

NATURE OF BUSINESS

This Corporation is being formed for the following purposes:

a. To engage in any and all lawful business or activity permitted under the laws of the United States, and the State of Florida;

b. To generally have and exercise all powers, rights and privileges necessary and incident to carrying out properly the objects herein mentioned; and

c. To do anything and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any or all of the objects hereinbefore enumerated or incidental to the purposes and powers of the corporation or which at any time appear conductive thereto or expedient.

ARTICLE III

TERM OF EXISTENCE

This Corporation shall have perpetual existence unless sooner dissolved in accordance with the laws of the State of Florida. The date on which corporate existence shall begin is the date on which these Articles of Incorporation are filed with the Secretary of State of the State of Florida.

ARTICLE IV

CAPITAL STOCK

This Corporation is authorized to issue one thousand (1,000) shares of common stock, $0.001 par value, which shall be designated "Common Stock".

ARTICLE V

INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Corporation is: 1201 Hays Street, Tallahassee, Florida 32301, and the name of the initial registered agent of this Corporation at that address is Corporation Service Company.

ARTICLE VI

INITIAL BOARD OF DIRECTORS

The Corporation shall have one (1) initial director. The number of directors may be either increased or diminished from time to time by the By-Laws, but shall never be less than one. The name and address of the initial director of this Corporation is:

Dario Echeverry
600 Brickell Avenue
Suite 206E
Miami, Florida 33131

ARTICLE VII

AMENDMENTS TO ARTICLES OF INCORPORATION AND BY-LAWS

This Corporation reserves the rights to amend or repeal any provisions contained in these Articles of Incorporation or any amendments hereto and any right conferred upon the shareholders is subject to this reservation. Further, the power to adopt, alter, amend or repeal the By-Laws shall be vested in the Board of Directors of this Corporation.

ARTICLE VIII

INDEMNIFICATION

This Corporation shall indemnify and may advance expenses to any and all of its directors, officers, employees or agents or former directors, officers, employees or agents or any person or persons who may have served at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which it owns shares of capital stock or of which it is a creditor, to the full extent permitted by law. Said indemnification shall include, but not be limited to, the expenses, including the cost of any judgments, fines, settlements and counsel's fees, actually and necessarily paid or incurred in connection with any action, suit or proceedings, whether civil, criminal, administrative or investigative, and any appeals thereof, to which any such person or his legal representative may be made a party or may be threatened to be made a party, by reason of his being or having been a director, officer, employee or agent as herein provided. The foregoing right of indemnification shall not be exclusive of any other rights to which any director, officer, employee or agent may be entitled as a matter of law or which he may be lawfully granted.

ARTICLE IX

INCORPORATOR

The name and address of the person signing these Articles is:

Dario Echeverry
600 Brickell Avenue
Suite 206E
Miami, Florida 33131

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on this 6th day of December, 2000.

Dario Echeverry, Incorporator

CERTIFICATE DESIGNATING THE ADDRESS AND AN AGENT UPON WHOM PROCESS MAY BE SERVED

WITNESSETH

That Phonel, Inc. desiring to organize under the laws of the State of Florida, has named Corporation Service Company as its agent to accept service of process within this state.

ACKNOWLEDGEMENT:

Having been named to accept service of process for the above-stated corporation, at the place designated in this certificate, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I accept the duties and obligations of Section 607.0505, Florida Statutes.

Dated this 9th day of December, 2000.

_______________, Registered Agent

BRIAN COURTNEY, ASST. V.P.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
00 DEC -7 PM 5:18

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EXHIBIT II

Phone1, Inc.

Authority to Operate
As a Foreign Corporation

The State of South Carolina

Office of Secretary of State Mark Hammond

Certificate of Authorization

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

PHONE1, INC.,

a corporation duly organized under the laws of the state of **FLORIDA** and issued a certificate of authority to transact business in South Carolina on **February 19th, 2004**, has on the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that its authority to transact business in South Carolina is subject to being revoked pursuant to Section 33-15-310 of the 1976 South Carolina Code, and no application for surrender of authority to do business in South Carolina has been filed in this office as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 18th day of January, 2006.

Mark Hammond

Mark Hammond, Secretary of State

Note: This certificate does not contain any representation concerning fees or taxes owed by the Corporation to the South Carolina Tax Commission or whether the Corporation has filed the annual reports with the Tax Commission. If it is important to know whether the Corporation has paid all taxes due to the State of South Carolina, and has filed the annual reports, a certificate of compliance must be obtained from the Tax Commission.

EXHIBIT III

Phone1, Inc.

Management Profiles

MANAGEMENT

Mr. Dario Echeverry, President & CEO and Board member, Mr. Echeverry has 21 years of experience on startups and running companies on different sectors (construction, civil engineer, environmental engineer). In 1995 he became the president of Immobiliaria Bancol (Banco de Colombia) and also served as a Member of the Board of Directors of Banco de Colombia Trust Corp. Mr. Echeverry received a Bachelors degree in Civil Engineering from Universidad de los Andes in 1983. In 1996, while president of Immobiliaria Bancol (Banco de Colombia) was invited to attend Harvard School of Business to a program called P.A.D.E. (for presidents of companies). Mr. Echeverry has served as President & CEO of Phone1 since its creation, and he brought the original idea of Phone1 to the Board of Directors of Globaltron Communication Corporation.

Mr. Syed Naqvi, Chief Financial Officer. Mr. Naqvi has experience in operational finance and consulting in various executive/management positions with fortune 500 companies and startups. His industry experience includes telecommunications, healthcare, e-commerce internet, entertainment and distribution. Before joining Phone1Globalwide Inc, Mr. Naqvi was the executive consultant for Focus Consulting Group, providing strategic consulting and business development services to startups, middle market companies as well as advising various governments and companies in contract negotiations. Prior to Focus Consulting Mr. Naqvi was the Chief Financial Officer of Intelesis Group Inc. and before joining Intelesis he was the Chief Financial Officer of TelMed Inc. Mr. Naqvi has also held positions with HCA Inc. and Laboratory Corporation of America Holdings. Mr. Naqvi is a Certified Public Accountant and is a member of Financial Executives International.

Mr. Dilowe Barker, Chief Operating Officer, Mr. Barker has over 12 years experience in the payphone industry. Mr. Barker has expertise in the area of multiple smart technology products that interface with various host and routing platforms ranging from coin sent paid to operator service providers. Mr. Barker help build Universal Communications, Inc. from a 3-employee start up with his wife and partners to over 98-employee company after merging with T.R.I.A.D. Inc. in1999. The new company, TU, was an authorized distributor of 3 major smart technology manufacturers and supplier to IPPs as well as LECs RBOCs and IXCs who operated payphones. Mr. Barker began consulting with Phone1, Inc. in March of 2001, until December of 2001; when he was hired as Vice President of Payphone Implementation. The Board of Directors of Phone1GlobalWide, Inc. appointed him to his current position in November of 2002. Mr. Barker has 5 children and 1 grandchild and lives in Bal Harbour, Florida with his wife Cheryl.

M A N A G E M E N T, (CONT'D.)

Mr. Federico Fuentes, Chief Technical Officer. He has more than 22 years experience in developing network, managing personnel and operating networks from legacy to the newest IP technology. He graduated from Universidad Simon Bolivar in 1977 with a degree of Engineering in Process and Controls. Then work as Professor teaching Mass Transfer and Thermodynamics. In 1979, he joined CANTV, the Venezuelan PTT and has participated is diverse start up, like a Fiber Optic Project in Buenos Aires, Argentina, and Data Protocols Training and implementation with Bell Canada in Montreal. He has trained with IBM in Texas and Satellite System in Brazil and was responsible to build the data network in Venezuela over the legacy infrastructure. In 1999 he was appointed Vice-President of International Operations at PointeCom Communications where his area of expertise included operating networks in Mexico, Venezuela, Colombia, Costa Rica, El Salvador, Panama and Nicaragua, based on the integration of ISP and VoIP technologies. He joined Phone1Globalwide in June 2000 as Vice-President of International Operations for CLECs projects overseas as well as deploying VoIP network. In the year 2001 became Chief Technical Officer of Phone1Globalwide for implementing retail services and developing a new communication protocol among payphones and debit type platform.

Mr. Adolfo Maichel, Vice President of IT. Business Administrator, with deep knowledge in the synergies caused by the mixed of procedures, technologies, personnel and leadership, most of his experience has been as a project manager implementing corporate integrated solutions in the administrative and commercial areas. Before joining Phone1 GlobalWide Inc, Mr. Maichel was the Director of Operations at Computer Based Solutions, Inc. providing his knowledge in the designed and development of online customer service solutions. Prior to computer base solutions, he was a consultant for companies such as Price Waterhouse, Bank of Colombia, Abaco and Unibase Corp. implementing and integrating solutions as J.D. Edwards, Boole and Babbage and Pilot Software and Computer Associates among others.

Geren Anderson, Vice President Business Development. Mr. Anderson has over 12 years experience in the telecommunications industry, 10 years of which were with SBC Communications. While with SBC, he worked in Corporate Marketing, Product Development, Sales and Financial Analysis. During his career he has developed various products and services for both Business and Consumer markets. He is experienced in strategic planning, market analysis, tactical implementation planning and financial analysis. Mr. Anderson graduated from Texas A&M University with a Bachelor of Science in Economics in 1992 and later earned a Masters of Business Administration

EXHIBIT IV

Phone1, Inc.

Financial Information

As proof of its financial capability, Phone1, Inc. is providing the financial statements of its parent company, Phone1GlobalWide.

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2005 AND 2004

	2005	2004
ASSETS		
Current Assets		
Cash	$ 1,004,110	$ 389,066
Accounts receivable, less allowance for doubtful accounts of $130,600 and $293,800	1,409,435	993,948
Notes receivable	-	647,839
Prepaid expenses and other current assets	519,014	577,907
Total current assets	2,932,559	2,608,760
Property and Equipment, Net	7,218,876	9,658,638
Intangible Assets	1,328,559	1,328,559
Deposits and Other	339,295	1,130,592
Total assets	$ 11,819,289	$ 14,726,549
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Convertible note payable, related party	$ 5,000,000	$ -
Accounts payable	537,790	1,599,173
Accrued expenses and other current liabilities	1,691,211	2,321,119
Total current liabilities	7,229,001	3,920,292
Commitments, Contingencies and Subsequent Events	-	-
Stockholders' Equity		
Preferred stock, $.001 par value; authorized 10,000,000 shares; issued and outstanding -0- shares	-	-
Common stock, par value $.001; 200,000,000 shares authorized; 144,778,423 and 141,207,559 shares issued and outstanding	144,778	141,207
Additional paid-in capital	138,016,275	133,019,846
Deficit	(133,570,765)	(122,354,796)
Total stockholders' equity	4,590,288	10,806,257
Total liabilities and stockholders' equity	$ 11,819,289	$ 14,726,549

See notes to consolidated financial statements.

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED MARCH 31, 2005 AND 2004

	2005	2004
Revenue	$ 15,375,465	$ 14,150,177
Costs and Expenses:		
Cost of sales	12,403,078	13,050,221
General and administrative	7,350,494	8,446,447
Marketing and promotion	1,016,087	2,029,825
Depreciation and amortization	5,741,155	4,523,897
Settlement of service agreement and claims	-	328,133
Operating Loss	(11,135,349)	(14,228,346)
Other Income (Expense):		
Interest expense, related party, net	(104,670)	(2,361,885)
Gain on settlement of vendor liability	223,535	-
Settlement of lawsuit	(99,485)	-
Other	(100,000)	-
	(80,620)	(2,361,885)
Net Loss	$(11,215,969)	$(16,590,231)
Loss Per Common Share – Basic and Diluted	$(0.08)	$(0.15)
Weighted Average Shares of Common Stock Outstanding	144,250,047	108,049,911

See notes to consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Phone1Globalwide, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Phone1Globalwide, Inc. and Subsidiaries as of March 31, 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of Phone1Globalwide, Inc. and Subsidiaries as of and for the year ended March 31, 2004 were audited by other auditors, whose report dated May 27, 2004 on those statements included an explanatory paragraph that described the conditions that raised substantial doubt about the Company's ability to continue as a going concern.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2005 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phone1Globalwide, Inc. and Subsidiaries as of March 31, 2005, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying 2005 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring net losses and has a working capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Rachlin Cohen & Holtz LLP

Miami, Florida
May 31, 2005, except for the last two paragraphs of Note 16,
as to which the date is July 11, 2005

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2005

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIENCY)

YEARS ENDED MARCH 31, 2005 AND 2004

	Series A 8% Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount			
Balance, March 31, 2003	9,000,000	$9,000	66,128,702	$66,128	$96,029,000	$(105,764,565)	$(9,660,437)
Conversion of Preferred Stock to Common Stock	(9,000,000)	(9,000)	13,953,489	13,954	(4,954)	-	-
Estimated Fair Value of Services Rendered by Board Member	-	-	-	-	45,000	-	45,000
Issuance of Common Stock for Conversion of Debt	-	-	50,000,000	50,000	19,950,000	-	20,000,000
Sale of Common Stock	-	-	11,061,947	11,062	12,488,938	-	12,500,000
Issuance of Common Stock for Settlement Agreement	-	-	17,857	18	24,982	-	25,000
Issuance of Common Stock to Settle Service Agreement	-	-	45,000	45	53,505	-	53,550
Settlement of Loan Overdraft	-	-	-	-	4,433,375	-	4,433,375
Net Loss	-	-	-	-	-	(16,590,231)	(16,590,231)
Balance, March 31, 2004	-	-	141,206,995	141,207	133,019,846	(122,354,796)	10,806,257
Sale of Common Stock	-	-	3,571,428	3,571	4,996,429	-	5,000,000
Net Loss	-	-	-	-	-	(11,215,969)	(11,215,969)
Balance, March 31, 2005	-	$ -	144,778,423	$144,778	$138,016,275	$(133,570,765)	$ 4,590,288

See notes to consolidated financial statements.

PHONE1GLOBALWIDE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2005 AND 2004

	2005	2004
Cash flows from operating activities:		
Net loss	$(11,215,969)	$(16,590,231)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,741,155	4,523,897
Provision for doubtful accounts	96,000	73,848
Amortization of convertible loan discount	-	1,181,531
Professional services paid in common stock	-	45,000
Compensation paid in common stock	-	53,550
Settlement of service agreement paid in common stock	-	25,000
Gain on settlement of vendor liability	(223,535)	-
Changes in assets and liabilities:		
Increase in accounts receivable	(511,487)	(204,626)
Decrease in deposit and other assets	58,892	171,444
Decrease in prepaid expenses and other current assets	790,788	307,186
Decrease in accounts payable	(1,060,760)	(259,329)
(Decrease) increase in accrued expenses and other liabilities	(406,996)	562,331
Net cash used in operating activities	(6,731,912)	(10,110,399)
Cash flows from investing activities:		
Acquisitions of property and equipment	(3,300,883)	(6,991,355)
(Advances for) replacement of notes receivable	647,839	(647,839)
Net cash used in investing activities	(2,653,044)	(7,639,194)
Cash flows from financing activities:		
Proceeds from overdraft facilities	2,139,850	15,162,948
Payments on overdraft facilities	(2,139,850)	(10,729,573)
Proceeds from notes payable	5,000,000	-
Proceeds from sales of common stock	5,000,000	12,500,000
Proceeds from line of credit	-	1,500,000
Payments on line of credit	-	(1,500,000)
Net cash provided by financing activities	10,000,000	16,933,375
Net increase (decrease) in cash	615,044	(816,218)
Cash at beginning of year	389,066	1,205,284
Cash at end of year	$ 1,004,110	$ 389,066
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 142,940	$ 887,214

See notes to consolidated financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

We are a United States based telecommunications company. We currently have two main switch facilities, one located in New York, NY and the other in Miami, Florida. Our current primary telecommunications offerings are coin-sent and operator-assisted services from public payphones and wholesale carrier services. The Company maintains operating agreements to deliver services in many countries throughout the world using third-party networks.

Phone1Globalwide, Inc. formerly known as Globaltron Corporation and as Win-Gate Equity Group, Inc. (we or the "Company"), was reincorporated as a Delaware corporation on September 25, 2001. The Company was initially organized on May 17, 1996 in Florida, to locate and effect business combinations with existing businesses.

On January 21, 2000, the Company consummated a stock purchase agreement with all of the stockholders of Globaltron Communications Corporation, a Delaware corporation ("Globaltron" or "GCC") whereby the Company acquired 100% of the outstanding GCC shares. As a result, GCC became a wholly owned subsidiary.

On June 13, 2001, the Company acquired all of the outstanding common stock of Phone1, Inc., a Florida corporation ("Phone1"), a telecommunications marketing company, for 12 million restricted shares of our common stock. As a result, Phone1 became a wholly owned subsidiary.

On November 16, 2001, in connection with the formation of Phone1 Smart LLC, a limited liability company ("Phone1 Smart"), organized under the Delaware limited liability act, the Company entered into an operating agreement with MTG Interconnection LC ("MTG"), a Florida limited liability company. The Company owns 51% of the interests in Phone1 Smart. The 51% interest in Phone1 Smart is consolidated into the financial statements of Phone1Globalwide, Inc. Phone1 Smart has not provided any substantial services during the fiscal year ended March 31, 2005 and its results of operations were immaterial compared to our consolidated results of operations.

Basis of Presentation

The consolidated financial statements include the accounts of Phone1Globalwide, Inc. and its wholly owned and majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Cash

As of March 31, 2005 and 2004, $0 and $16,849 of cash, respectively, was located in GNB Bank Panama, a financial institution related by means of common control (see Note 7). The Company has not experienced any losses on its cash deposits. At March 31, 2005 and at various times during the year, the balance at one financial institution exceeded the FDIC limits. At March 31, 2005, the Company had deposits in excess of federally insured limits of approximately $1,028,000. The Company maintains its cash with high quality financial institutions which the Company believes limits these risks.

Accounts Receivable

Trade accounts receivable are primarily from arbitrage sales and Phone1 services. The Company maintains an allowance for doubtful accounts at a level believed adequate by management to reflect the probable losses in the trade receivable due to customer default, insolvency, or bankruptcy. The provision is established by management using the customer credit history and other relevant factors, and is re-evaluated on a periodic basis. The allowance is increased by provisions to bad debt expense charged against income. All recoveries on trade receivables previously charged off are credited to the accounts receivable recovery account included in income, while direct charge-offs of trade receivables are deducted from the allowance.

Major Customer

During the fiscal years ended March 31, 2005 and 2004, the Company derived 55% and 38%, respectively, of its total revenues from one source.

Property and Equipment

Depreciation and amortization are provided for in amounts sufficient to relate the initial cost of depreciable assets to operations over their estimated service lives. Leasehold improvements are amortized over the term of the respective leases or the service lives of the improvements, whichever is shorter. Leased property under capital leases is amortized over the term of the respective leases or over the service lives of the assets for those leases that substantially transfer ownership. Other equipment is depreciated from three to five years. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes. Cost and accumulated depreciation of assets returned or retired are removed from the respective property accounts, and the gain or loss is reflected in the statements of operations.

Intangible Assets and Long Lived Assets

On July 20, 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 142, "*Goodwill and Intangible Assets*." SFAS 142 is effective for fiscal years beginning after December 15, 2001.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets and Long Lived Assets (Continued)

Beginning April 1, 2002, the Company no longer amortizes $1.3 million of intangible assets identified as trade name and trademarks as these assets have been determined to have an indefinite life. The Company has completed an annual impairment test as of March 31, 2005 of all intangible assets with indefinite lives. Based on the annual impairment test, no impairment losses were required to be recorded. The Company requires capital to continue the development of its business. Because there can be no assurance that the Company will achieve profitable operations, the Company may, in the future, recognize a substantial impairment of its remaining intangible assets.

The Company evaluates long-lived assets, including certain identifiable intangible assets held and used for possible impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could trigger an impairment include, but are not limited, to significant under-performance relative to projected operating results, significant changes in strategy for the Company's overall business, and significant industry or economic trends.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated results of operations in the period that the tax change occurs. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Advertising

The Company expenses advertising costs as incurred. Total advertising expense was approximately $343,000 and $635,000 for fiscal 2005 and 2004, respectively.

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. generally accepted accounting principles generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the period. Future events and their effects cannot be determined with absolute certainty; therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. Management continually evaluates its estimates and assumptions, which are based on historical experience and other factors that are believed to be reasonable under the circumstances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates (Continued)

Management believes that a higher degree of judgment or complexity may occur in estimating collectibility of accounts receivable, useful lives of assets, valuation allowances on deferred taxes and estimates relating to the outcome of pending litigation.

Fair Value of Financial Instruments

The Company estimates that the fair value of its financial instruments approximates the carrying value of its financial instruments at March 31, 2005 and 2004.

Stock Based Compensation

At March 31, 2005, the Company had a stock-based employee compensation plan, (the Plan) which is described more fully in Note 14. The Company accounts for this plan under the recognition and measurement principles of APB Opinion No. 25, "*Accounting for Stock Issued to Employees*," and related interpretations. No stock-based employee compensation cost is reflected in net loss, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123 (as amended by Statements of Financial Accounting Standards No. 148 ("SFAS 148"), "*Accounting for Stock-Based Compensation – Transition and Disclosure*"), to stock-based employee compensation (in thousands, except per share data):

	2005	2004
Net loss as reported	$(11,216)	$(16,590)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	-	(1,585)
Pro forma net loss	$(11,216)	$(18,175)
Basic and diluted loss per share - as reported	$(0.08)	$(0.15)
Basic and diluted loss per share - pro forma	$(0.08)	$(0.17)

The Company grants stock options for a fixed number of shares to non-employees with an exercise price equal to at least 100% of the fair market value of the shares at the date of grant. The Company recognizes an expense in accordance with Statement of Financial Accounting Standards (SFAS) No. 123.

The above pro forma disclosures may not be representative of the effects on reported results of operations for future years as some of the options vest over several years and the Company may continue to grant options to employees.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2004: expected volatility of 272%; risk-free interest rate of 4.78%; and expected holding period of 3 years. There were no option grants made in 2005.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Loss Per Share

Basic earnings (loss) per common share are based on the weighted average number of common shares outstanding. The total number of such weighted average shares was 144,250,047 and 108,049,911 for the years ended March 31, 2005 and 2004, respectively. Diluted earnings (loss) per common share are based on the assumption that all dilutive potential common shares, preferred shares and dilutive stock options were converted at the beginning of the year. For the years ended March 31, 2005 and 2004, 2,909,000 options were not included in common stock equivalents because their inclusion would be antidilutive.

Revenue Recognition

During the years ended March 31, 2005 and 2004, the Company derived revenues from Phone1 services, arbitrage sales and operator assisted calling services.

Revenues from Phone1 services consist of direct dialed international and domestic long distance calls made from Phone1 enabled pay telephones. The Company does not own the payphones. The calls are routed through the Company's designated switching facilities and designated networks. The Company invoices the customers an amount, based upon the calls made. Arbitrage sales occur when the Company transports an international long distance call to a foreign destination where the Company does not maintain a facility. Revenues from operator assisted calling services occur when a customer uses a Phone1 enabled phone to make a collect call or with the use of a credit card.

The Company's revenue is earned from Phone1 services, arbitrage sales and operator assisted calls when the service is provided. The service is provided as the customer uses the minutes. The revenue is earned based upon the number of minutes used during a call and is recorded upon completion of a call. Revenue for a period is calculated from information received through the Company's designated network switches or based on information received from the Company's service providers.

Recently Issued Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, "*Accounting for Changes and Error Corrections, a Replacement of APB Opinion No. 20 and FASB Statement No. 3*" SFAS 154 applies to all voluntary changes in accounting principle and requires retrospective application to prior periods' financial statements of changes in accounting principle. This statement also requires that a change in depreciation, amortization, or depletion method for long-lived, nonfinancial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. SFAS 154 carries forward without change the guidance contained in Opinion No. 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of this standard to have a material impact on its financial condition, results of operations, or liquidity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In March 2005, the Financial Accounting Standards Board issued FASB Interpretation No. 47, "*Accounting for Conditional Asset Retirement Obligations, an Interpretation of FASB Statement No. 143.*" This Interpretation clarifies that the term *conditional asset retirement obligation* refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. The Company does not expect the adoption of this standard to have a material impact on its financial condition, results of operations, or liquidity.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "*Share-Based Payment.*" SFAS No. 123(R) is a revision of SFAS No. 123, "*Accounting for Stock-Based Compensation,*" and supersedes APB Opinion No. 25, "*Accounting for Stock Issued to Employees.*" Statement No. 123(R) will require the fair value of all stock option awards issued to employees to be recorded as an expense over the related vesting period. The statement also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. This statement becomes effective the beginning of the first interim or annual reporting period that begins after December 15, 2005. We are currently evaluating the impact on our results from adopting SFAS No. 123(R), but expect it to be comparable to the pro forma effects of applying the original SFAS No. 123.

In December 2004, the FASB issued SFAS No. 153, "*Exchanges of Nonmonetary Assets, an Amendment of APB Opinion No. 29.*" SFAS No. 153 requires exchanges of productive assets to be accounted for at fair value, rather than at carryover basis, unless (1) neither the asset received nor the asset surrendered has a fair value that is determinable within reasonable limits or (2) the transactions lack commercial substance. This Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect the adoption of this standard to have a material impact on its financial condition, results of operations, or liquidity.

In December 2003, the Financial Accounting Standards Board issued FASB Interpretation Number 46-R *"Consolidation of Variable Interest Entities."* FIN 46-R, which modifies certain provisions and effective dates of FIN 46, sets for the criteria to be used in determining whether an investment in a variable interest entity should be consolidated. These provisions are based on the general premise that if a company controls another entity through interests other than voting interests, that company should consolidate the controlled entity. The Company believes that, currently, it does not have any material arrangements that meet the definition of a variable interest entity which would require consolidation.

Reclassifications

Certain amounts for 2004 have been reclassified to conform to 2005 classifications.

NOTE 2. GOING CONCERN CONSIDERATIONS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company experienced a net loss of $11,215,969 and used cash of $6,731,912 in its operating activities for the year ended March 31, 2005. Additionally, the Company's current liabilities exceeded its current assets by $4,296,442 at March 31, 2005 . These factors raise substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon future profitable operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements on a continuing basis, to maintain present financing, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence, or any other adjustments that might result from the outcome of this uncertainty.

In response to the matters described in the preceding paragraphs, the Company intends to actively seek additional funding from a variety of sources, including potential issuances of Company's securities in one or more private transactions. Management believes that this additional financing will allow the Company to rigorously pursue its expansion efforts in the coming year and that this expansion will strengthen the Company's cash flow position to provide the Company with the ability to continue in existence. However, the Company is unable to predict whether it will be able to obtain such financing or, if obtained, that it will be on terms advantageous to the Company.

NOTE 3. NOTES RECEIVABLE

On January 12, 2004, the Company signed a non-binding letter of intent with Chalom Arik Meimoun, president and majority shareholder of Next Communications, Inc. ("Next"), and Next Communications, Inc. to purchase 100 percent of the outstanding shares of Next, in exchange for shares of the Company in an amount to be agreed.

In addition, on January 12, 2004, Mr. Meimoun issued a promissory note in favor of the Company in the amount of $700,000 at an annual interest rate of 6 percent due on March 31, 2004. He pledged 70 percent of the outstanding shares of Next as collateral.

On January 29, 2004, Next issued a promissory note in favor of the Company in the amount of $350,000 at an annual interest rate of 6 percent due on March 31, 2004 guaranteed by Mr. Meimoun. Mr. Meimoun increased the collateral for both loan obligations to 100 percent of the outstanding shares of Next as collateral.

NOTE 3. NOTES RECEIVABLE (Continued)

On March 15, 2004, the Company filed suit against Meimoun and Next in the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, seeking damages for breaches of two loan agreements and related promissory notes and indemnification agreements, fraud in the inducement regarding those same documents, and unjust enrichment. Contemporaneous with filing its complaint, the Company also sought prejudgment writs of garnishment of certain funds held by two different banks for Meimoun and Next. The Company sought damages in excess of $1,000,000, which sum was comprised of (1) a refund of loans made to Meimoun and Next, (2) accrued interest, and (3) legal fees and costs. The parties settled the matter in April 2004. Under the terms of the settlement, the Company received $960,000 in cash and approximately $155,000 in services from Next.

NOTE 4. PROPERTY AND EQUIPMENT

	Estimated Useful Lives (Years)	2005	2004
Telecommunication and satellite equipment	3-5	$ 19,570,499	$18,189,312
Software	3	4,028,509	2,790,101
Office equipment and furniture and fixtures	3-5	$ 1,171,784	$ 1,142,947
Leasehold improvements	Primary term of lease	69,634	55,384
		24,840,426	22,177,744
Less accumulated depreciation		(17,621,550)	(12,519,106)
		$ 7,218,876	$ 9,658,638

NOTE 5. NON-CASH INVESTING AND FINANCING ACTIVITIES

For the year ended March 31, 2005, the Company entered into the following non-cash transactions:

On November 8, 2004, the Company amended its license agreement dated June 22, 2002 with QuorTech. Pursuant to the amendment, the Company paid QuorTech $85,000 and the parties released each other from claims arising from the license agreement, with certain exceptions. As part of the amendment, the price of certain products was reduced and the term of the license agreement was extended until June 30, 2008. As a result, the Company recorded a gain on settlement of vendor liability in the amount of $223,535.

For the year ended March 31, 2004, the Company entered into the following non-cash transactions:

On March 31, 2004, Phone1, Inc. entered into an agreement with a stockholder to settle the outstanding overdraft facility in the amount of $4,546,977. GNB bank released Phone1 and its affiliates from the obligation to pay the outstanding balance of the overdraft facility in consideration for the sum of $113,602. As a result, the Company recorded a $4,433,375 adjustment to additional paid-in capital to reflect the capital characteristic of this transaction.

NOTE 5. NON-CASH INVESTING AND FINANCING ACTIVITIES (Continued)

On March 8, 2004, the Company issued 45,000 shares of common stock in exchange for professional services.

On September 30, 2003, Hispanic Telecommunication Holding, S.A., a Luxembourg company and stockholder, ("HTH") purchased from GNB Bank (Panama) S.A. ("GNB") $20 million of face amount convertible promissory notes issued by the Company on November 26, 2002, December 31, 2002, and February 17, 2003. On the same date, HTH converted the notes, in accordance with their terms, into 50 million shares of common stock of the Company.

As of September 30, 2003, the Company entered into an agreement to settle the lawsuit with Fire Sign, Inc. (see Note 12). Under the settlement agreement, the Company paid Fire Sign $100,000 and issued to the principal of Fire Sign, 17,857 restricted shares of common stock of the Company. As a result of this settlement, the Company recorded a $125,000 expense in the year ended March 31, 2004.

On June 12, 2003, GNB Bank Panama, S.A. converted 7,000,000 shares of the Company's Series A preferred stock into 10,852,714 shares of common stock at the adjusted conversion price of $.645 per share. On the same day, Premium Quality Fund converted 2,000,000 shares of Series A preferred stock into 3,100,775 shares of common stock at the adjusted conversion price of $.645 per share. The converted shares represented all of the Company's outstanding preferred stock.

The Company recorded $45,000 for the estimated fair value of services provided by a board member. These services were provided without charge.

NOTE 6. ACCRUED LIABILITIES AND OTHER CURRENT LIABILITIES

	2005	2004
Accrued contingencies	$ 706,614	$ 987,601
Accrued professional services	358,662	275,743
Accrued payroll	262,847	224,530
Accrued interest	27,918	230,510
Other accrued liabilities	335,170	602,735
	$1,691,211	$2,321,119

NOTE 7. LOANS PAYABLE AND OTHER TRANSACTIONS – GNB BANK (RELATED PARTY)

Between February 2000 and February 2003, the Company entered into a series of financings and re-financings with GNB Sudameris Bank S.A., (f/k/a GNB Bank (Panama) S.A.) ("GNB"). As of September 30, 2003, GNB held $20 million in promissory notes (the "Notes") issued by the Company, which were convertible, in whole or in part, at the election of GNB, into shares of the Company's common stock at the rate of $.40 per share.

On September 30, 2003, Hispanic Telecommunications Holding, S.A., a Luxembourg company, ("HTH") purchased from GNB all the outstanding Notes. On the same date, HTH converted the Notes, in accordance with their terms, into 50,000,000 shares of the Company's common stock and subscribed to, and purchased from the Company, 11,061,947 restricted shares of the Company's common stock at $1.13 per share or $12,500,000. The funds were used to pay in full the principal and interest under an overdraft facility issued by GNB bank and the balance was used as working capital of the Company and for the development and roll out of Phone1 services.

On December 26, 2003, the Company signed an Overdraft Facility ("the Overdraft Facility") with GNB for $3,000,000 at an interest rate of 12% per annum. The Overdraft Facility expired on December 27, 2004. On March 31, 2004, Phone1, Inc. entered into an agreement with GNB whereby GNB released Phone1 and its affiliates from the obligation to pay the $4,546,977 outstanding balance under the Overdraft Facility in consideration for the payment by Phone1 of the sum of $113,602. As a result, the Company recorded a $4,433,375 adjustment to additional paid-in capital to reflect the capital characteristic of this transaction.

During the quarter ended June 30, 2004, the Company borrowed $1,279,000 under a new overdraft facility with GNB. On May 26, 2004, the outstanding balance under this facility was paid with the proceeds from the sale of shares of the Company's common stock to Winside Investments (see Notes 8 and 14).

On September 30, 2004, the Company paid $860,850 that it had drawn under another overdraft facility with the proceeds from a loan obtained from Winside Investments. See Note 8.

On September 30, 2004, GNB purchased from HTH 38,352,715 shares of the common stock of the Company which it sold back to HTH on April 8, 2005. Following this transaction, GNB owned no shares of the Company and HTH remained the Company's largest shareholder with 99,414,661 shares of common stock, representing approximately 68.7 % of the shares of the Company.

NOTE 8. LOANS FROM WINSIDE INVESTMENTS (RELATED PARTY)

On September 30, 2004, the Company entered into a loan agreement with Winside Investments S.A. ("Winside") in the aggregate principal amount of $5,000,000 plus interest at Citibank N.A.'s prime plus 2.25%. The principal amount was agreed to be disbursed to the Company in installments, as follows: (i) $1,500,000 on September 30, 2004, (ii) $1,000,000 on October 15, 2004, (iii) $1,000,000 on November 15, 2004 and (iv) $1,500,000 on December 15, 2004. All the installments were disbursed by the lender on the scheduled installment date, except for the November 15, 2004 installment which was disbursed to the Company on December 15, 2004 (together with the last installment under the loan agreement). The note is payable with extension on September 30, 2005. Principal and interest under the note are convertible into common stock (or any other senior securities) of the Company, at the conversion price of $0.80 per share. Winside currently holds 9.3% of the shares of common stock of the Company and if it elects to convert the entire loan amount of $5,000,000, it would hold 12.8% of the shares of common stock of the Company based on the number of shares of common stock of the Company outstanding as of March 31, 2005 after giving effect to such conversion.

NOTE 9. LOAN FROM FINANCIAL INSTITUTION

On October 9, 2002, the Company was granted a line of credit of up to $1,500,000 from Eagle National Bank of Miami, N.A. ("Eagle"). The outstanding amount under the line of credit was paid on September 26, 2003 and the line of credit was cancelled on that date.

A director of the Company is also a director of the financial institution.

NOTE 10. INCOME TAXES

The Company has no current income tax expense because of a tax net operating loss for the years ended March 31, 2004 and 2003. The Company has not recorded a deferred tax benefit because of a valuation allowance, which completely provides for the deferred tax assets. The valuation allowance is recorded to reduce the total deferred tax assets to an amount that will more likely than not be realized.

The following table summarizes the differences between the Company's effective tax rate and the statutory federal rate as follows:

	2005	2004
Standard federal rate	(35.0)%	(34.0)%
Increase (decrease) in tax resulting from:		
Nondeductible items	15.0%	12.4%
State taxes, net of federal tax benefit	(4.0)%	(6.0)%
Valuation allowance	24.0%	27.6%
Effective tax rate	-	-

NOTE 10. INCOME TAXES (Continued)

Deferred tax assets are comprised of the following at March 31:

	2005	2004
Deferred tax assets (liabilities):		
Write-down of investments	$ 136,150	$ 140,000
Reserve on deposits	19,450	20,000
Stock compensation	112,952	94,726
Allowance for doubtful accounts	50,827	117,520
Other accruals and reserves	263,865	243,982
Depreciation	(513,353)	(465,809)
Net operating loss carry forwards	24,900,816	22,731,848
Total deferred tax assets	24,970,707	22,882,267
Less valuation allowance	(24,970,707)	(22,882,267)
Net deferred tax asset	$ -	$ -

Because of the Company's lack of earnings history, the net deferred tax assets have been fully offset by a 100% valuation allowance. The valuation allowance for net deferred tax assets was approximately $25 million and $23 million as of March 31, 2005 and 2004, respectively. The net change in the total valuation allowance was approximately $2.0 million and $7.0 million for the years ended March 31, 2005 and 2004, respectively.

At March 31, 2005, the Company had net operating loss carry forwards for federal tax purposes of approximately $64,012,000 that expire in varying amounts through 2022. Under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), the utilization of net operating loss carryforwards may be limited under the change in stock ownership rules of the Code.

NOTE 11. LEASE COMMITMENTS

Future minimum payments, by year and in the aggregate, under an operating lease for office space and an equipment lease with remaining terms in excess of one year as of March 31, 2005, are as follows:

Year ending March 31:	
2006	$350,794
2007	280,242
2008	289,386
2009	298,911
2010	233,306
Total minimum lease payments	$1,452,639

Rent expense was $700,926 and $749,894 for the years ended March 31, 2005 and 2004, respectively.

NOTE 12. SETLLEMENT OF SERVICE AGREEMENTS AND CLAIMS

On June 28, 2001, Phone1 entered into a billing software license agreement with a vendor. Under the agreement, the vendor granted Phone1 a non-exclusive, non-transferable license to use its software. The licensing and maintenance fees under the license agreement were to be paid at a rate of $21,000 per month for a period of 36 months. The fees to be paid by Phone1 under the license agreement were also subject to escalation if Phone1 reached certain revenue milestones (which milestones were not met prior to the termination of the agreement). Phone1 is not currently using the billing software due to certain disputes. The vendor filed a claim on April 1, 2002 against Phone1 for approximately $700,000 for a breach of a software license agreement. Phone1 filed a counterclaim against the vendor seeking damages for the breach of software license agreement, breach of express warranty, breach of an implied warranty of fitness for a particular purpose, money had and received, and unjust enrichment. Phone1 was seeking damages in excess of $1,000,000. The vendor amended its complaint to add Globaltron Communications Corporation as a defendant, and to add additional claims against Phone1. Phone1 and GCC answered the amended complaint, denied the allegations and asserted affirmative defenses. Phone1 and GCC amended their counterclaims to add claims (a) to reform the license agreement to conform to the parties' understanding regarding GCC's use of the software and (b) for declaratory judgment regarding the same issue. The vendor answered the amended complaint, denied the allegations and asserted affirmative defenses. Effective August 5, 2003, the Company entered into an agreement to settle the lawsuit with the vendor. Under the settlement agreement, the Company agreed to pay the vendor $365,000, of which, $250,000 was paid on August 19, 2003, $57,500 was paid on October 27, 2003 and the balance of $57,500 was paid on February 3, 2004, together with interest at the rate of 10% per annum commencing on August 5, 2003. As a result of this settlement, the Company recorded a $143,000 expense in the year ended March 31, 2004.

Spitfire Merchants, Ltd. v. Globaltron Corporation f/k/a Win-Gate Equity Group, Inc. n/k/a Phone1 Globalwide Inc. was filed on June 5, 2001 in the Eleventh Judicial Circuit Court in and for Miami-Dade County, Florida. The lawsuit seeks damages for alleged breach of contract in connection with the purchase of shares in the Company. Spitfire alleges that it was not given the correct amount of shares and that some of the shares it received were restricted, allegedly in violation of Spitfire's subscription agreement with the Company. Spitfire has sought damages in excess of $1,000,000, which is disputed by the Company. In its answer, the Company asserted the affirmative defenses of failure to mitigate damages and failure of consideration. The case was settled, resulting in a voluntary dismissal filed on March 25, 2004. Under the settlement agreement, the Company agreed to pay Spitfire $60,000. As a result of the settlement, the Company recorded a $60,000 expense in the year ended March 31, 2004.

Eric Frizza filed suit against Phone1, Inc., Dario Echeverry, et al. on March 14, 2002, in the Eleventh Judicial Circuit in and for Miami-Dade County, Florida seeking declaratory relief and damages for breach of contract in connection with his alleged 1.5% equity interest in Phone1. Both Phone1 and Echeverry filed answers denying that Frizza was entitled to any relief, other than payment he had already received for various services he performed for Phone1. Initial requests for production propounded to Echeverry have been answered. Thereafter, an order was entered requiring Frizza to show why the case should not be dismissed for failure to prosecute the claims. On May 16, 2003, this action was dismissed.

NOTE 12. SETLLEMENT OF SERVICE AGREEMENTS AND CLAIMS (Continued)

In July 2002, Fire Sign, Inc. sought an injunction in the Southern District of Florida against Phone1, Inc., asserting claims of copyright infringement as to certain designs Fire Sign alleged that it created for Phone1. Phone1 moved to stay the case pending arbitration of Fire Sign's claims, basing its argument for arbitration on the language contained in the agreements between the parties. The court granted Phone1's motion to stay and Fire Sign filed a demand for arbitration with the American Arbitration Association. Phone1 answered the demand to arbitrate, denied the allegations and asserted affirmative defenses. Fire Sign quantified its damages at $805,995, exclusive of attorneys' fees and costs. As of September 30, 2003, the Company entered into an agreement to settle the lawsuit with Fire Sign. Under the settlement agreement, the Company agreed to pay Fire Sign $100,000 and issue to the principal of Fire Sign 17,857 restricted shares of common stock of the Company. As a result of this settlement, the Company recorded a $125,000 expense in year ended March 31, 2004.

On December 9, 2003, the Company settled with the law offices of Richard L Ruben, Esq. ('Ruben"), for legal services provided to the Company in an agreement dated July 20, 2000. The Company and Ruben agreed to resolve any claims arising directly or indirectly in consideration for $15,000. The amount was paid as of March 31, 2004 and was included in general and administrative expenses in the consolidated financial statements of the year ended March 31, 2004. In addition, the Company issued 45,000 shares of the Company's common stock for legal services to defend the Company against a lawsuit filed by Spitfire Merchants, Ltd. The lawsuit was settled on March 8, 2004 and the shares were issued at the market price on that date and the expense was included in general and administrative expenses for the year ended March 31, 2004.

Phone1Globalwide, Inc. v. Chalom Arik Meimoun and Next Telecommunication, Inc. a/k/a Next Communication, Inc.: On March 15, 2004, the Company filed suit against Meimoun and Next in the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, seeking damages for breaches of two loan agreements and related promissory notes and indemnification agreements, fraud in the inducement regarding those same documents, and unjust enrichment. Contemporaneous with filing its complaint, the Company also sought prejudgment writs of garnishment of certain funds held by two different banks for Meimoun and Next. The Company sought damages in excess of $1,000,000, which sum was comprised of (1) a refund of loans made to Meimoun and Next; (2) accrued interest, and (3) legal fees and costs. Before Meimoun and Next answered the Company's complaint, the parties amicably settled the matter on or about April 21, 2004 for the receipt of $960,000 and approximately $155,000 for services received by the Company from Next. See Note 3

On November 21, 2000, the Company terminated certain agreements with a telecommunication company. As consideration for the termination, the Company paid $50,000 in cash and transferred 400,000 shares of its common stock to the telecommunications company. The Company agreed to issue an additional 50,000 shares of its common stock if the price of the Company's common stock did not have an average closing price of $7.00 per share or more for 20 consecutive trading days through November 20, 2001. The cost for settlement of service agreement amounted to $1,350,000. The shares were valued at their fair market value on of the

NOTE 12. SETLLEMENT OF SERVICE AGREEMENTS AND CLAIMS (Continued)

date of the agreement. The Company did not issue the 50,000 shares of its common stock due to a dispute between the parties. During the fiscal year 2004, the Company reached a settlement with the vendor. Under the agreement, the restriction was removed on 400,000 shares issued to the vendor under the settlement agreement dated November 21, 2000. As consideration, the vendor transferred certain used equipment to the Company and released the Company from any obligations.

On April 15, 2002, Phone1 entered into an agreement with APC Development Corp. & H. Weaver Jordan ("third parties") for consulting and engineering services. Under the agreement, the third parties were responsible for providing engineering services for network interface testing and system evaluations, prototype design and testing services for products and for the design and translation between LECs and IXCs systems that operate Coin Operated System and Regulated Payphones Systems. The third parties filed a claim against Phone1 on March 18, 2004, claiming that Phone1 breached the payment terms on the consulting and engineering services agreement, which in effect is a claim for non-payment of invoices. Additionally, they claimed that because of the lack of payments and monies owed by Phone1, they were no longer required to comply with the terms and conditions of the contract; including the terms of the agreement relating to the technology developed under the consulting and engineering services agreement. On April 19, 2004, Phone1 filed an affirmative defense and a counter-claim against the third parties. Phone1's counter-claim alleges that the third parties breached the consulting and engineering services agreement by not providing services that were paid for by Phone1. Additionally, Phone1 alleges that the third parties failed to deliver to Phone1 any schematics, drawings or equipment that was developed and/or prototype equipment that was developed as outlined in the consulting agreement. On February 7, 2005, the Company settled the lawsuit with APC Development Corp. & H. Weaver Jordan, and, as a result, the Company recorded an expense of $30,000 in the year ended March 31, 2005.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Service Agreement

On April 4, 2002, the Company terminated a telecommunications service agreement with a vendor, pursuant to which the vendor agreed to release the Company of all claims for the outstanding balance owed to the vendor and the execution of a new co-location agreement with the vendor. The Company did not incur any penalties as a result of the early termination. The Company entered into a new agreement with the vendor for equipment racks to house the Company's equipment. Under the new agreement, the Company is required to pay for services totaling $768,000 at a rate of $19,200 per month, through August 9, 2005.

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Employment Agreements

During the year ended March 31, 2003, the Company executed employment agreements with Dario Echeverry as Chief Executive Officer, Syed Naqvi as Chief Financial Officer and Dilowe Barker as Chief Operating Officer. The expiration dates of the agreements are May 31, 2005 as to Mr. Echeverry, March 31, 2005 as to Mr. Naqvi and December 31, 2005 as to Mr. Barker. The agreement with Mr. Echeverry provides for an annual base salary of $250,000, while the agreements with Messrs, Naqvi and Barker provide for annual base salaries of $220,000 each. The employment agreements also provide that in the event of the Company's material breach or termination of the executive's employment during the term of the agreement, without cause, in the event of a change of control (as defined in the agreements) or by the executive, with good cause (as defined in the agreements), the executive shall be entitled to receive as severance pay a lump sum of up to two years of salary. The executives are entitled to bonuses, to the extent determined by the Board of Directors, and to participate in the Company's stock option and other compensatory and benefit plans established for the benefit of employees. The executives have also assigned to the Company all of their rights to inventions created by them during the course of their employment, and the agreements contain one-year restrictive covenants following termination of the agreement, restricting them from competing against the Company or soliciting our employees.

On February 9, 2005, Syed Naqvi ("Naqvi") and the Company executed an amendment to the employment agreement by and between Naqvi and the Company dated as of November 21, 2002 and amended on January 1, 2003 and further amended on December 29, 2004 (the "CFO Employment Agreement"). Naqvi is the Chief Financial Officer of the Company. The CFO Employment Agreement had a term ending on April 1, 2005 (subject to automatic renewals for successive one-year terms, unless either the Company or CFO notifies the other in writing at least thirty (30) days prior to the end of the then current term that it or he does not intend to renew the employment term). The amendment, executed by CFO and the Company on February 9, 2005, changed the date of termination from April 1, 2005 to April 1, 2007 and set the base salary of the CFO at $255,000 per annum.

On February 14, 2005, Dario Echeverry ("Echeverry") and the Company executed an amendment to the employment agreement by and between Echeverry and the Company dated as of December 4, 2002, as amended on January 1, 2003 and further amended on December 29, 2004 (the "CEO Employment Agreement"). Echeverry is the Chairman of the Board of Directors and the Chief Executive Officer of the Company. The CEO Employment Agreement had a term ending on June 1, 2005 (subject to automatic renewals for successive one-year terms, unless either the Company or Executive notifies the other in writing at least ninety (90) days prior to the end of the then current term that it or he does not intend to renew the employment term). The amendment, executed by Echeverry and the Company on February 14, 2005, changed the date of termination from June 1, 2005 to April 1, 2007, reduced the notice requirement for renewal of the CEO Employment Agreement from ninety to thirty days and set the base salary of the CEO at $255,000 per annum.

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

Employment Agreements (Continued)

On April 30, 2004, the Company entered into an employment agreement with Louis Giordano, one of the Company's directors, for an annual base salary of $240,000. The expiration date of the agreement is April 30, 2005. The employment agreement also provides that in the event of the Company's material breach or termination of the executive's employment during the term of the agreement, without cause, in the event of a change of control (as defined in the agreements) or by the executive, with good cause (as defined in the agreements), the executive shall be entitled to receive as severance pay a lump sum of up to two years' salary. The executive is entitled to a bonus, to the extent determined by the Board of Directors, and to participate in the Company's stock option and other compensatory and benefit plans established for the benefit of employees. The executive has also assigned to the Company all rights to inventions created by him during the course of his employment, and the agreements contain one year restrictive covenants following termination of the agreement, restricting him from competing against the Company or soliciting our employees. See Note 16 regarding certain subsequent events.

Leases

On September 8, 2004, GCC, and the successor to NWT Partners, Ltd. (former landlord of the premises leased by the Company at 100 North Biscayne Blvd., Miami, FL), Brookwood Biscayne Tower Investors, LLC entered into a settlement of the then existing breach of lease and constructive eviction claims filed in Miami-Dade County Circuit Court (Case N0. 03-9655 CA 09). Under the terms of the settlement, (i) all of the parties released each other from any and all claims which any of them had against the other which had accrued to the date of the settlement; (ii) GCC's obligations for rent for the period from December 16, 2003 forward were reduced by approximately 20%; and (iii) the existing lease of the 25th floor at 100 North Biscayne Blvd, Miami was amended to provide that the Company would move to the 12th floor in the same building once the landlord builds, at its expense, new space (approximately 8,100 square feet) on such floor. The move would result in savings in future lease costs for the Company of approximately 32% as compared to current lease costs over the next five years (see Note 11).

Litigation

Captivad Media Corp. v. Motion Display Systems, Inc. and Phone1, Inc. was filed in the Fifteenth Judicial Circuit in and for Palm Beach County, Florida. In that complaint, Captivad sought damages for breach of contract regarding advertising done in the Sawgrass Mills Mall. There was an indemnification agreement between Motion Display Systems and Phone1, whereby Motion Display Systems agreed to defend Phone1 in this action and indemnify Phone1 against any judgments for Captivad or any other settlements. Motion Display Systems has affirmed its obligations under that agreement, agreeing to defend and indemnify Phone1.

The Company is involved in various lawsuits, either as plaintiff or defendant, and is the subject of various claims, in the ordinary course of business. In the opinion of management, the outcome of these lawsuits and claims will not have a material impact on the Company's consolidated financial statements. The Company expenses legal costs relating to these lawsuits as the costs are incurred.

NOTE 14. EQUITY TRANSACTIONS

Preferred Stock

A total of 10,000,000 shares of the Company's Preferred Stock have been designated as "Series A 8% Convertible Preferred Stock" (the "Series A Preferred"). The Series A Preferred is entitled to receive dividends at the rate of 8% per annum only if declared by the Board of Directors. Upon any liquidation or dissolution of the Company (including certain deemed liquidations) the holders of the Series A Preferred are entitled to receive an amount equal to the amount paid for such stock plus any accrued but unpaid dividends before any amounts are distributed to the holders of any junior stock (including the Company's common stock). Holders of the Series A Preferred are entitled to one vote per share and, except in certain limited circumstances, vote together with the holders of the Company's common stock. Certain actions may not be undertaken without the separate vote of the holders of at least 70% of the then outstanding Series A Preferred, including without limitation (i) the issuance of any security senior or on parity to the Series A Preferred, (ii) any merger or consolidation of he Company or any sale of all or substantially all of its assets , (iii) the Company entering into material joint venture or similar arrangement, other than in the ordinary course of business, and (iv) making any changes to the Company's stock option plan and any grants thereunder. Shares of the Series A Preferred are convertible into shares on common stock initially on a one for one basis. The conversion rate is subject to adjustment upon the occurrence of certain dilutive stock issuances and in the event of stock splits, reclassifications and the like. As of March 31, 2005 and March 31, 2004, the Company had no shares of preferred stock issued and outstanding.

Conversion of Preferred Stock

The initial conversion price of the shares of Series A Preferred Stock was $1.00 per share. The conversion price of the $20 Million Loan, the $5 Million Loan and the Additional $5 Million Loan triggered certain anti-dilution provisions applicable to the Company's 9,000,000 issued and outstanding shares of Series A Preferred Stock. The Company's Series A Preferred Stock include weighted average anti-dilution provisions which result in a lowering of the conversion price of the shares of such Preferred Stock into the Company's common stock anytime shares of common stock are issued (or options or other securities exercisable or convertible into common stock) for a price per share less than that paid for the Series A Preferred Stock. After application of these anti-dilution provisions, the 9,000,000 shares were convertible at approximately $.645 per share.

On June 12, 2003, GNB Bank converted all of the 7.0 million shares of Series A Preferred Stock owned by it into 10,852,714 shares of common stock at the adjusted conversion price of $.645 per share. On the same day, Premium Quality Fund converted all of the 2.0 million shares of Series A Preferred Stock owned by it into 3,100,775 shares of common stock at the adjusted conversion price of $.645 per share.

NOTE 14. EQUITY TRANSACTIONS (Continued)

Conversion of Loans Payable to Common Stock

On September 30, 2003, Hispanic Telecommunications Holding, S.A., a Luxembourg company, ("HTH") purchased from GNB Bank (Panama) S.A. ("GNB") $20 million of face amount convertible promissory notes issued by the Company on September 30, 2002, November 26, 2002 and February 17, 2003. On the same date, HTH converted the notes, in accordance with their terms, into 50,000,000 million shares of common stock of the Company.

Issuance of Common Stock

On May 25 2004, Winside Investments S.A. subscribed to, and purchased from the Company 3,571,428 restricted shares of the Company's common stock for $1.40 per share or $5,000,000.

Stock Options

The Company has adopted a stock option plan (the Plan) for employees, consultants and directors of the Company. Stock options granted pursuant to the Plan shall be authorized by the Board of Directors. The aggregate number of shares which may be issued under the Plan, shall not exceed 4,000,000 shares of common stock. Stock options are granted at prices not less than 100% of the fair market value on the date of the grant. All options granted, for the periods presented, have been at fair market value except for one employee. Option terms, vesting, and exercise periods vary, except that the term of an option may not exceed ten years.

The Company granted 1,310,000 options during fiscal year 2004 to three directors, four executives and two employees. The exercise price of the options was the closing price as of May 30, 2003. The options are fully vested.

Information with respect to stock option activity is as follows:

	2005	2005 Weighted Average Exercise Price	2004	2004 Weighted Average Exercise Price
Outstanding at beginning of year	2,909,000	$1.49	1,674,000	$1.74
Granted	-	-	1,310,000	1.23
Exercised	-	-	-	-
Forfeited	-	-	(75,000)	2.68
Outstanding at end of year	2,909,000	$1.49	2,909,000	$1.49
Options exercisable at end year	2,909,000			

NOTE 14. EQUITY TRANSACTIONS (Continued)

Stock Options (Continued)

The following information applies to options outstanding at March 31, 2005.

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at March 31, 2005	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Prices	Number Exercisable at March 31, 2005	Weighted Average Exercise Prices
$0.95 - $2.25	2,700,000	7.17	$1.36	2,700,000	$1.36
$2.50 - $3.13	209,000	5.87	$3.10	209,000	$3.10

NOTE 15. RELATED PARTY TRANSACTIONS

Since June 2001, the Company has purchased branded handsets and certain equipment from TU, LLC, a privately-held company based in Ohio. In June 2001, an employee of TU began providing consulting services to Phone1. Thereafter, the consultant became a full-time employee of Phone1 and now serves as an executive officer of Phone1. The spouse of the executive officer is a vice-president of TU and owns less than 5% of the outstanding equity in TU. For the years ended March 31, 2005 and 2004, the Company paid $57,400 and $1,256,700, respectively, for product purchased from TU.

On July 15, 2002, the Company entered into an agreement with EMIDA Technologies, Inc. for $775,000. Under the agreement, EMIDA will provide services to coordinate the integration of the new CDR export application software, data warehouse system telecommunication mapping software and EMIDA's Telco Operating Support Portal to the Company. A former director of the Company (see Note 16) is a former director and executive vice president of EMIDA. For the years ended March 31, 2005 and 2004, the Company paid EMIDA $70,000 and $393,800, respectively, under the agreement.

For the year ended March 31, 2005 and 2004, the Company paid LF Marketing approximately $52,600 and $263,000, respectively, for services rendered in connection with the Company's street marketing campaign. As independent contractors, LF Marketing was responsible for the payment of costs and expenses associated with their services. LF Marketing is owned by the brother and sister-in-law of a non-executive officer of the Company.

NOTE 15. RELATED PARTY TRANSACTIONS (Continued)

During the years ended March 31, 2005 and 2004, the Company paid Consad Corp. $78,500 and $108,000, respectively, for products and services. The Company's Chief Executive Officer is a former director of Consad Corp. Consad Corp. is a minority owner of MTG. See Note 1.

Other related party transactions are disclosed in Notes 5, 7, 8, 9, 14 and 16.

NOTE 16. SUBSEQUENT EVENTS

Employment Agreements

On April 12, 2005, the Company entered into a separation letter with Louis Giordano, who had served as President of the Company and was to continue serving as Director of the Company until May 31, 2005. Under the terms of the separation letter, Giordano's employment with the Company was terminated effective March 31, 2005 (the "Separation Date") and all further compensation, remuneration, bonuses and options terminated on the Separation Date. The Company paid the sum of $120,000 to Giordano on April 12, 2005. As a result, the Company recorded an expense of $120,000 in the year ended March 31, 2005.

On May 2, 2005, the Company received notice and thereby subsequently accepted the resignation of Louis Giordano as a Director.

On May 12, 2005, the Company entered into an employment agreement with Oliverio Lew, as general counsel of the Company, for an annual base salary of $255,000. The expiration date of the agreement is June 1, 2007. In addition, Oliverio Lew was later appointed as a director of the Company.

De-Registration of Common Stock

On May 25, 2005, the Company filed Form 15 with the Securities and Exchange Commission to terminate the registration of the Company's common stock and suspend its reporting obligations under the Securities Exchange Act of 1934. The Company is eligible to deregister because it has fewer than 300 shareholders on record.

Financing

On July 7, 2005, the Company established a Letter of Credit with Bank United in the amount of $150,000 and Sprint Communications Company, L.P. as the beneficiary. The Letter of Credit is secured by a Certificate of Deposit in the same amount. The Letter of Credit expires on July 7, 2006.

On July 11, 2005, the Company obtained a Credit Facility with GNB of up to an aggregate amount of $2,000,000 at an interest rate of Citibank prime rate plus 2%. The Credit Facility expires on December 31, 2005. As of July 11, 2005, the Company had drawn down $300,000 under the Credit Facility.

EXHIBIT V

Phone1, Inc.

Proposed Tariff

TITLE PAGE

INTEREXCHANGE TELECOMMUNICATIONS TARIFF

OF

PHONE 1, INC.

This tariff contains the descriptions, regulations, and rates applicable to the resale of telecommunication services provided by Phone1, Inc. with offices at 100 N. Biscayne Boulevard, 25th Floor, Miami, Florida 33132.

This tariff applies for services furnished within the State of South Carolina. This tariff is on file with the South Carolina Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION		PAGE	REVISION	
1	Original	*	26	Original	*
2	Original	*	27	Original	*
3	Original	*	28	Original	*
4	Original	*	29	Original	*
5	Original	*	30	Original	*
6	Original	*	31	Original	*
7	Original	*	32	Original	*
8	Original	*	33	Original	*
9	Original	*	34	Original	*
10	Original	*	35	Original	*
11	Original	*	36	Original	*
12	Original	*	37	Original	*
13	Original	*	38	Original	*
14	Original	*	39	Original	*
15	Original	*	40	Original	*
16	Original	*	41	Original	*
17	Original	*	42	Original	*
18	Original	*	43	Original	*
19	Original	*	44	Original	*
20	Original	*	45	Original	*
21	Original	*	46	Original	*
22	Original	*	47	Original	*
23	Original	*	48	Original	*
24	Original	*	49	Original	*
25	Original	*			

* - indicates those pages included with this filing

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SYMBOLS

Changes to this tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

(D) - To signify a discontinued rate or regulation.

(I) - To signify an increase in rate or charge.

(M) - To signify material relocated from one page to another without change.

(N) - To signify a new rate or regulation.

(R) - To signify a reduced rate or charge.

(T) - To signify a change or regulation but no change in rate or charge.

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially, however, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.

B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the South Carolina PSC. For example, the 4th Revised Sheet 14 cancels the 3rd Revised Sheet 14.

C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a).
2.1.1.A.1.(a).I.
2.1.1.A.1.(a).I.(i).
2.1.1.A.1.(a).I.(i).(1).

D. **Check Sheets** - When a tariff filing is made with the South Carolina PSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheet contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages).

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's telephone to a Company designated switching center or point-of-presence.

Account - The Customer who has agreed, orally or in writing, to honor the terms of service established by the Company. An Account may have more than one service or telephone number and/or telephone numbers billed to the same Customer address. An Account may include multiple locations for the same Customer.

Account Code - A numerical code, assigned to the Customer, to enable the Company to identify use of a service offering by the Customer and to bill the use of that service offering by the Customer. Multiple Account Codes may be assigned to the Customer to identify individual users or groups of users.

Aggregator - A person, firm, corporation, or other legal entity which contracts with the Company for installation of the Company's services. Aggregators make available the Company's services for use by guests, patrons, visitors or other transient third parties at the Aggregator's location. The Aggregator is also responsible for compliance with the terms and conditions of this tariff.

Authorization Code - A pre-defined series of numbers to be dialed by the Customer or End User upon access to the Company's system to notify the caller and validate the caller's authorization to use the services provided. The Customer is responsible for charges incurred through the use of his or her assigned Authorization Code

Authorized User - A person, firm or corporation, or any other entity authorized by the Customer or Subscriber to communicate utilizing the Company's services.

Available Usage Balance - The amount of usage remaining on a Prepaid Account at any particular point in time. Each Prepaid Account has an Initial Account Balance that is stated either in U.S. dollars or Call Units, depending upon the type of service. The Available Balance is depleted as the Customer utilizes services provided by the Company.

Calling Card - A billing arrangement whereby the originating caller may bill the charges for a call to an approved LEC-issued calling card. The terms and conditions of the local exchange carrier apply to payment arrangements.

Commission - Refers to the South Carolina Public Service Commission.

Company or Carrier - Refers to Phone1, Inc., unless otherwise clearly indicated by the context.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Customer - A person, firm, partnership, corporation or other entity which arranges for the Carrier to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Carrier's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff.

Customer Premises Equipment - Terminal equipment, as defined herein, which is located on the Customer's premises.

Depletion - Real time reductions in the Available Usage Balance, based on usage of the customer Prepaid Account.

End User - Any person, firm, partnership, corporation or other entity that uses the service of the Company under the terms and conditions of this tariff. The End User is responsible for payment unless the charges for the service utilized are paid by the Customer.

Equal Access - Where the local exchange Company central office provides interconnection to interexchange carriers with Feature Group D circuits. In such end offices, Customers can pre-subscribe their telephone line(s) to their preferred interexchange carrier.

Initial Period - The initial period is the length of a call for minimum billing purposes. The initial periods vary by rate schedule and are specified in each individual rate table contained in other sections of this tariff.

Initial Usage Balance - The amount of usage on a Prepaid Account upon issuance and before any depleting call activity.

LATA - Local Area of Transport and Access.

LEC - Local Exchange Company.

Marks - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Operator Assisted Call - An intrastate telephone connection completed through the use of the Company's operator.

Operator Services - Any telecommunication service that includes, as a component, any automatic or live assistance to a Customer or its Authorized User to arrange for billing or completion, or both, of an intrastate interLATA telephone call through a method other than:

(i) automatic completion with billing to the telephone form which the call originated; or
(ii) completion through an access code used by an Authorized User, with billing to an account previously established with the carrier by the Authorized User.

Pay Telephone - Telephone instruments provided by the Company, Customer, Confinement Institution or other third party for use by the transient general public. Pay Telephones permit the user to place calls to other parties and bill such calls on a non sent-paid or sent paid-basis. To facilitate sent-paid calling, Pay Telephones can be equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

Personal Identification Number (PIN) - See Authorization Code.

Phone1 - Refers to Phone1, Inc., unless otherwise clearly indicated by the context.

Premises - The physical space designated by the Customer for the termination of the Company's service.

Prepaid Account - An account that consists of a pre-paid usage balance depleted on a real-time basis during each Prepaid Service call.

Prepaid Card - A card issued by the Company that provides the Customer with a Personal Identification Number and instructions for accessing the Carrier's network.

Prepaid Service Call - A service accessed via a "1-800" or other access code dialing sequence whereby the Customer or Authorized User dials all of the digits necessary to route a call. Network usage for each call is deducted from the available usage balance on a Company issued Prepaid Account.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Renewal - A method of replenishing a Prepaid Account's Available Usage Balance with additional minutes of usage as authorized and paid for by the Customer.

Sponsor - A corporation or other legal entity that exclusively permits the use of its Marks to the Company for use with telephone cards (prepaid or otherwise) or other merchandise, and contracts with the Company for the marketing of the services described herein.

Switched Access Origination/Termination - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Terminal Equipment - Devices, apparatus, and associated wiring, such as teleprinters, telephones, or data sets.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage is used for the purposed of rating calls.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

The Company's services and facilities are furnished for communications originating at specified points within the State of South Carolina under terms of this tariff.

The Company installs, operates, and maintains the communications services provided herein under in accordance with the terms and conditions set forth under this rate sheet. The Company may act as the Customer's agent for ordering access connection facilities provided by other entities, when authorized by the Customer, to allow connection of a Customer's location to the Company network. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four (24) hours per day, seven (7) days per week.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.2 Use

2.2.1 Services provided under this tariff may be used by the Customer for any lawful telecommunications purpose for which the service is technically suited.

2.2.2 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

2.2.3 A Customer may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Limitations

2.3.1 Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.

2.3.2 The Company reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.

2.3.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.4 All facilities provided under this tariff are directly or indirectly controlled by the Company and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.3.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of the Company

2.4.1 The liability of the Company, if any, for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes omissions, interruptions, delays, errors, or other defects in transmission, or failures or defects in facilities furnished by the company in the course of furnishing service or arising out of any failure to furnish service shall in no event exceed an amount of money equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays or errors or defects in transmission occur and continue. However any such mistakes, omissions, interruptions, delays, errors or defects in transmission or service that are caused by or contributed to by the negligence or willful act of Customer, or which arise from the use of Customer-Provided Facilities or equipment shall not result in the imposition of any liability whatsoever upon the Company.

2.4.2 The Company shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to Acts of God, fires, flood or other catastrophes; atmospheric conditions or other phenomena of nature, such as radiation; any law, order, regulation, directive, action of request of the U.S. Government, or any other government, including state and local governments having jurisdiction over the Company or the services provided hereunder; national emergencies; civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over the Company or the acts of any party not directly under the control of the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liabilities of the Company, (Cont'd.)

2.4.3 When the services or facilities of other common carriers are used separately or in conjunction with the Company's facilities or equipment in establishing connection to points not reached by the Company's facilities or equipment, the Company shall not be liable for any act or omission of such other common carriers or their agents, servants or employees.

2.4.4 The Company shall be indemnified and held harmless by the Customer and Subscriber from and against all loss, liability, damage, and expense, including reasonable attorney's fees, due to claims for libel, slander, or infringement of copyright or trademark in connection with any material transmittal by any person using the Company's services and any other claim resulting from any act or omission of the Customer or Subscriber relating to the use of the Company's facilities.

2.4.5 The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities or equipment used with the service furnished hereunder; nor shall the company be liable for any damages or losses due in whole or in part to the failure of Customer-provided service, equipment or facilities.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Billing and Payment for Service

2.5.1 Responsibility for Charges

Charges for installations, service connections, moves, and rearrangements, where applicable, are payable upon demand to the Company or its authorized agent. Billing thereafter will include recurring charges and actual usage as defined in this tariff.

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

A. any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company;

B. any and all use of the service arrangement provided by the Company, including calls which the Customer did not individually authorize;

C. any calls placed by or through the Customer's equipment via any remote access feature(s);

D. any and all calls placed to an toll-free (e.g., 800, 888) service number provided to the Customer by the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Billing and Payment for Service, (Cont'd.)

2.5.2 Payment for Service

A. All charges due by the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agent may be the Company, a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory bodies having jurisdiction. Any objections to billed charges must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that circumstances exist that reasonably indicate that such changes are appropriate.

B. Disputes with respect to charges must be presented to the Company in writing within one hundred (120) days from the date the bill in question is issued or such bill will be deemed correct and binding on the Customer.

C. Unless otherwise specified below, services provided by the Company are billed in arrears directly to the Customer on a monthly basis.

D. Charges for third party calls which are charged to a domestic telephone number will be included on the Billed Party's local exchange telephone company bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable telephone company.

E. Charges for credit card calls will be included on the Billed Party's regular monthly statement from the card-issuing company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Billing and Payment for Service, (Cont'd.)

2.5.3 Deposits

The Company does not collect Customer Deposits.

2.5.4 Advance Payments

The Company does not collect Advance Payments.

2.5.5 Late Payment Charge

Payment is within thirty (30) days subsequent to the invoice date and are considered past after the thirty (30) day period. Late payment charges may be applied as allowed pursuant to South Carolina Public Service Commission Reg. 103-622.2 which provides that a maximum one and one half percent (1 1/2%) may be added to any unpaid balance brought forward from the previous billing date to cover the cost of collection and carrying accounts in arrears. Billings for 900 and 900-type charges or non-regulated items are excluded from the balance on which a late charge may be imposed.

2.5.6 Return Check Charge

The Company reserves the right to assess a return-check charge not to exceed that allowed by applicable state law as contained in S.C. Code Ann. 34-11-70, whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds. A Maximum Return Check Charge is $50.00.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Billing and Payment for Service, (Cont'd.)

2.5.7 Customer Complaints and/or Billing Disputes

Customers have the right to refer billing disputes and any other complaints to Company at 100 N. Biscayne Boulevard, 25th Floor, ;Miami, Florida 33132, or via telephone by dialing 1-866-674-6631. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the South Carolina Public Service Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:

South Carolina Public Service Commission
Synergy Business Park
Saluda Building
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Consumer Services Department - Telephone:	(803) 896-5230
Consumer WATS Line - Telephone:	(800) 922-1531

2.5.8 Taxes and Fees

2.5.8.1 All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items on the Customer's bill and are not included in the quoted rates and charges set forth in this tariff. To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.5.8.2 The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund (USF) and compensation to pay telephone service providers for the use of their pay telephones to access the Company's service.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Refusal or Discontinuance by Company

The Company may refuse or discontinue service under the following conditions. Unless otherwise specified, the Customer or Subscriber will be given seven (7) days written notice and allowed a reasonable time to comply with any rule or remedy any deficiency.

2.6.1 For non-compliance with and/or violation of any State or municipal law, ordinance or regulation pertaining to telephone service.

2.6.2 For the use of telephone service for any other property or purpose other than that described in the application.

2.6.3 For neglect or refusal to provide reasonable access to the Company for the purpose of inspection and maintenance of equipment owned by the Company.

2.6.4 For non-compliance with and/or violation of the Commission's regulations or the Company's rules and regulations on file with the Commission.

2.6.5 For non-payment of bills for telephone service.

2.6.6 Without notice in the event of Customer, Authorized User or Subscriber use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

2.6.7 Without notice in the event of tampering with the equipment furnished and owned by the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Refusal or Discontinuance by Company, (Cont'd.)

2.6.8 Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company may, before restoring service, require the Subscriber to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

2.6.9 For failure of the Customer or Subscriber to make proper application for service.

2.6.10 For Customer's or Subscriber's breach of the contract for service between the Company and the Customer, including posting or access requirements as specified to comply with state and federal regulations.

2.6.11 When necessary for the Company to comply with any order or request of any governmental authority having jurisdiction.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Interruption of Service

Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.4 herein. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer. Credit allowances for interruptions of service are limited the initial minimum period charge incurred to re-establish the interrupted call.

2.8 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for tests and adjustments as may be deemed necessary by the Company for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.9 Other Rules

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities of NXX exchanges, or by blocking calls using certain Personal Account Codes when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.10 Responsibilities of Aggregators

In addition to the responsibilities of Aggregators in their capacities as Subscribers, Aggregators must also adhere to the following requirements:

2.10.1 Aggregators must post on the telephone instrument, in plain view of Authorized Users:

A. The name, address, and toll-free telephone number of the provider of operator services; and

B. A written disclosure that the rates for all operator-assisted calls are available on request, and that Authorized Users have a right to obtain access to the intrastate common carrier of their choice and may contact their preferred intrastate common carriers for information on accessing that carrier's service using that telephone; and

C. The name and address of the enforcement division the Federal Communications Commission, to which the Authorized User may direct complaints regarding Operator Services; and

D. Any other information required by state or federal regulatory agencies or law.

2.10.2 Aggregators must ensure that each of its telephones pre-subscribed to a provider of operator services allows the Authorized User to use "800" and "950" access code numbers to obtain access to the provider of operator services desired by the Authorized User.

2.10.3 The Company shall withhold payment (on a location-by-location basis) of any compensation, including commissions, to Aggregators if the Company reasonably believes that the Aggregator (i) is blocking access by means of "950" or "800" numbers to intrastate common carriers in violation of The Telephone Consumer Protection Act of 1990 paragraph 3.4.1.B.; or (ii) is blocking access to equal access codes in violation of rules the Federal Communication Commission and/or the South Carolina Public Service Commission may prescribe.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Responsibilities of the Subscriber

2.11.1 The Subscriber is responsible for placing any necessary orders, for complying with tariff regulations, and for ensuring that Authorized Users comply with tariff regulations. The Subscriber is also responsible for the payment of charges for calls originated at the Subscriber's premises that are not collect, third party, calling card, or credit card calls.

2.11.2 The Subscriber is responsible for charges incurred for special construction and/or special facilities that the Subscriber requests and which are ordered by the Company on the Subscriber's behalf.

2.11.3 If required for the provision of the Company's, the Subscriber must provide any equipment space, supporting structure, conduit, and electrical power without charge to the Company.

2.11.4 The Subscriber is responsible for arranging ingress to its premises at times mutually agreeable to it and the Company when required for Company personnel to install, repair, maintain, program, inspect, or remove equipment associated with the provision of the Company's Services.

2.11.5 The Subscriber shall ensure that its terminal equipment and/or system is properly interfaced with the Company's facilities or services, that the signals emitted into the Company's network configuration are of the proper mode, bandwidth, power, and signal level for the intended use of the Subscriber and in compliance with the criteria set forth in Part 68 of the Code of Federal Regulations, and that the signals do not damage equipment, injure personnel, or degrade service to other Subscribers.

2.11.6 If the Subscriber fails to maintain the equipment and/or the system properly, with resulting imminent harm to the Company's equipment, personnel, or the quality of Service to other Subscribers or Customers, the Company may, upon written notice, require the use of protective equipment at the Subscriber's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notification, terminate the Subscriber's service.

2.11.7 The Subscriber must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Subscriber, its Authorized Users, or others, or by improper use of equipment provided by the Subscriber, Authorized Users, or others.

2.11.8 The Subscriber must pay for the loss through theft or fire of any of the Company's equipment installed at Subscriber's premises.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.12 Responsibilities of the Customer

2.12.1 The Customer is responsible for compliance with the applicable regulations set forth in this tariff as well as all rules and regulations of the state utility commission and the FCC.

2.12.2 The Customer is responsible for identifying the station, party, or person with whom communication is desired and/or made at the called number.

2.12.3 The Customer is responsible for providing the Company with a valid method of billing for each call. The Company reserves the right to validate the credit worthiness of users through available credit card, calling card, called number, third party telephone number, and room number verification procedures. Where a requested billing method cannot by validated, the user may be required to provide an acceptable alternate billing method or the Company may refuse to place the call.

2.13 Validation of Credit

The Company reserves the right to validate the creditworthiness of Customers and billed parties through available verification procedures. Where a Customer's creditworthiness is unacceptable to the Company, the Company may refuse to provide service, require a deposit or advance payment, or otherwise restrict or interrupt service to a Customer.

2.14 Marketing

As a telephone utility under the regulation of the Public Service Commission of South Carolina, CTI does hereby assert and affirm that as a reseller of intrastate telecommunications service, CTI will not indulge or participate in deceptive or misleading telecommunications marketing practices to the detriment of consumers in South Carolina, and will comply with those marketing will comply with those marketing procedures, if any, set forth by the Public Service Commission. Additionally, CTI will be responsible for the marketing practices of [its] contracted telemarketers for compliance with this provision. CTI understands that violation of this provision could result in a rule to Show Cause as to the withdrawal of [its] certification to complete intrastate telecommunications traffic within the State of South Carolina.

SECTION 3 - DESCRIPTION OF SERVICES AND RATES

3.1 General

Phone1 will provide direct dial to end users and operator assisted services to entities serving the transient public for communications originating and terminating within the State of Arkansas under terms of this Tariff.

Each Customer is charged individually for each call placed through the Company. Charges may vary by service offering, mileage band, class of call, time of day, day of week and/or call duration. Customers are billed based on their use of the Company's service. No installation charge or fixed monthly recurring charges apply.

3.2 Timing of Calls

3.2.1 Timing for all calls begins when the called party answers the call (i.e. when two-way communications are established). Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.

3.2.2 Chargeable time for all calls ends when either one of the parties disconnects from the call.

3.2.3 The minimum call duration and additional billing increments are specified on a per product basis in this section of the Tariff.

3.2.4 The Company will not bill for incomplete calls.

3.3 Holidays

The Company does not offer rate discounts for calls placed on state of federal holidays.

3.4 Rate Periods

The Company does not rate calls based on time-of-day.

3.5 Calculation of Distance

The Company does not rate calls based on distance.

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.6 Public Telephone Surcharge

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard Tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Per Call Charge: $0.50

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.7 Operator Assisted Services

The Company provides the Customer operated assisted Services to aggregator locations on a per call service charge basis. In additional to the per call service charge, mileage-sensitive usage rates apply. The Company's operator services are accessible on a twenty-four (24) hour per day, seven (7) days per week basis.

Calls may be originated via traditional operator services access (0+ or 0-) or via a Company-designated access number.

The use of the Company's operator services allows the Customer to select from the special call handling or billing arrangements specified within. Call rates and applicable service charges will be assessed to the call originator, the called party's telephone number based on the call type (i.e. operator dialed, collect, third party billed, credit card billed or Customer dialed credit card billed without the use off an operator's assistance) initiated by the call originator and the appropriate acknowledgement of other parties, where applicable.

Customer Dialed Calling/Credit Card Call - This charge applies in addition to long distance usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card. The Customer must dial the destination telephone number where the capability exists for the Customer to do so. A separate rate applies in the event operator assistance is requested for entering the Customer's card number for billing purposes.

Operator Dialed Calling/Credit Card Call - This charge applies in addition to long distance usage charges for station to station calls billed to an authorized telephone Calling Card or Commercial Credit Card and the operator dials the destination telephone number at the request of the Customer.

Operator Station - These charges apply in addition to long distance usage charges for non-Person-to-Person calls placed using the assistance of a Company operator and billed Collect, to a Third Party, by deposit of coins in Pay Telephones, or via some method other than a Calling Card or Commercial Credit Card.

Person-to-Person - This charge applies in addition to long distance usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to a Calling Card, Commercial Credit Card, Collect, by deposit of coins in Pay Telephones, or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.7 Operator Assisted Services, (Cont'd.)

3.7.1 Maximum InterLATA / IntraLATA Per Minute Usage Rates

See Current Rates Section for all Operator Service charges.

3.7.2 Maximum InterLATA / IntraLATA Operator Service Charges:

See Current Rates Section for all Operator Service charges.

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.8 Toll Free Access Operator Services

Toll free operator services allows the End User to access the Company's network by dialing a designated toll free number for the purpose of placing an operator-assisted call. A per call charge and usage rates apply.

3.8.1 Rate Plan 1

Service is billed in three (3) minute increments following an initial three (3) minute period.

Per Minute Usage Rates: $0.69

Per Call Operator Service Charges:

Customer Dialed Calling Card Station:	$4.99
Operator Dialed Calling Card Station:	$7.50

	Automated	**Live**
Collect	$4.99	$6.99
Billed to Third Party	$12.50	$12.50
Sent Paid - Non Coin	$ 5.99	$12.50
Person to Person	$12.50	$12.50

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.8 Toll Free Access Operator Services, (Cont'd.)

Toll free operator services allows the End User to access the Company's network by dialing a designated toll free number for the purpose of placing an operator-assisted call. A per call charge and usage rates apply.

3.8.2 Rate Plan 2

Service is billed in three (3) minute increments following an initial three (3) minute period.

Per Minute Usage Rates: $0.69

Per Call Operator Service Charges:

Customer Dialed Calling Card Station:	$4.99
Operator Dialed Calling Card Station:	$7.50

	Automated	Live
Collect	$4.99	$7.99
Billed to Third Party	$12.50	$12.50
Sent Paid - Non Coin	$ 5.99	$12.50
Person to Person	$12.50	$12.50

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.8 Toll Free Access Operator Services, (Cont'd.)

Toll free operator services allows the End User to access the Company's network by dialing a designated toll free number for the purpose of placing an operator-assisted call. A per call charge and usage rates apply.

3.8.3 Rate Plan 3

Service is billed in three (3) minute increments following an initial three (3) minute period.

Per Minute Usage Rates: $1.15

Per Call Operator Service Charges:

Customer Dialed Calling Card Station:	$4.99
Operator Dialed Calling Card Station:	$7.50

	Automated	**Live**
Collect	$5.99	$7.50
Billed to Third Party	$6.99	$12.50
Sent Paid - Non Coin	$5.99	$12.50
Person to Person	$12.50	$12.50

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.9 Busy Line Verification and Interrupt Service

Upon request of a calling party the Company will verify a busy condition on a designated local service line. The operator will determine if the line is clear or in use and report to the calling party. At the request of the Customer, the operator will interrupt the call on the busy line. Emergency Interruption is only permitted in cases where the calling party indicates an emergency exists and requests interruption.

If the Customer has the operator interrupt a call, both the Busy Line Verification and the Emergency Interrupt charge will apply.

No charge will apply when the calling party advises that the call is to or from an official public emergency agency. Busy Verification and Emergency Interrupt Service is furnished where and to the extent that facilities permit.

The Customer shall identify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

Maximum Per Call Rates:

	Per Call
Busy Line Verification	$5.00
Emergency Interruption	$5.00

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.10 Directory Assistance

A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Two (2) requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call, regardless of whether the Directory Assistance Bureau is able to furnish a requested telephone number.

Maximum Per Call Charge: $1.49

3.11 Non-subscriber Service Charge

A Nonsubscriber Service Charge is applicable to operator assisted calls billed to residential lines which are presubscribed to an interexchange carrier other than the Company, or nor presubscribed to any interexchange carrier. This charge is in addition to the applicable initial period charges and in addition to any applicable service charges for operator handled calls.

The Nonsubscriber Service Charge does not apply to calling card calls, intraLATA calls, calls to Directory Assistance, toll free or 900 numbers, ship-to-shore service or Telecommunications Relay Service.

Maximum Per Call Charge: $1.25

3.12 Bill Statement Fee

The Company may impose a Bill Statement Fee to calls billed as part of the Customer's local telephone bill.

Monthly charge, per bill statement: $2.49

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.13 Location Surcharge

A surcharge may be imposed in addition to the rates and charges selected by the Aggregator. The combination of service charges, usage charges and Location/ Surcharge may be limited by the Company to comply with FCC rules and orders or to insure that the resulting rates and charges are just and reasonable as determined by the Company.

(A) Location/Property Surcharge

Per Call Fee	$1.00

3.14 Aggregator Service

Aggregator Service is provided for pay telephone owners who presubscribe their pay telephones to Phone1 for direct dial or sent paid calls originating at their premises. This service requires that pay telephone end users deposit coins in order to complete an intraLATA or interLATA call.

Maximum Usage Rates:

IntraLATA:	
3 minute minimum:	$0.50
Each Additional 3 minutes:	$0.50
InterLATA:	
2 minute minimum:	$0.50
Each Additional 2 minutes:	$0.50

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.15 Phone1 Toll Services

A. Phone1 Prepaid Calling Card with PIN Service

Phone1 Prepaid Calling Card service allows the Customer to place calls on a prepaid basis while away from the home or office. The Customer must dial local or toll free access number and a special access code before completing the call. Calls are billed in one (1) minute increments with an initial calling period of one (1) minute. For calls made from a pay telephone, the Pay Telephone Surcharge applies in addition to the rates for the Pre-Paid Call.

	Maximum, Per Minute Rate
Local Access	$0.0182
Toll Free Access	$0.0382
Maintenance Fee:	$0.75 after first use $0.50 every 3 days thereafter

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.15 Phonel Toll Services, (Cont'd.)

B. Phonel Club – PINLess Prepaid Toll Service

Phone1 Club PINLess Prepaid Toll Service is an outbound calling plan that is accessed via a Company-designated local access or toll-free access number. Calls are billed in one (1) minute increments following a minimum billing period of one (1) minute. There is no monthly minimum usage and no per call charge. The plan does not require that the Customer be presubscribed to the Company, nor does it require an authorization code. The plan only requires that the calling number be recognized as belonging to a Customer account, who registers for the service via the Company's website or by contacting the Company's customer service. Calls from a number not registered or recognized require entering the Customer account number. Customers will be able to access call detail and billing records on-line via the Company's web site.

Maximum, Per Minute Rate: $0.0500

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.15 Phonel Toll Services, (Cont'd.)

C. Phonel Club Prepaid Toll Service

Phonel Club Prepaid Toll Service is a direct dial prepaid outbound calling plan where the Company is selected by the Customers as the presubscribed carrier for registered telephone numbers through a Letter of Agency. Calls are billed in (1) minute increments following a minimum billing period of one (1) minute. There is no monthly minimum usage and no per call charge. Calls made away from presubscribed lines will require the use of an access number, require the Customer's appropriate account number and/or PIN. Customers will be able to access call detail and billing records on-line via the Company's web site.

Maximum, Per Minute Rate: $0.0500

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.15 Phonel Toll Services, (Cont'd.)

D. Residential and Business Toll Service

Residential and Business Toll Service is a switched outbound service which is available to business and residential Customers for outbound calling from presubscribed lines. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute and originate and terminate on Customer-provided switched access lines. Rates are not mileage or time-of-day sensitive. Calls made away from presubscribed lines will require the use of an access number and PIN. Service will be direct billed by the Company.

Maximum, Per Minute Rate: $0.0500

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, (CONT'D.)

3.15 Phone1 Toll Services, (Cont'd.)

E. Phone1 Joint Use Pre-Authorized Card Service

Phone1 Joint Use Pre-Authorized Card Service allows for outbound calling over the Phone1 network through a Company-approved joint use card with a commercial credit card institution. The card may be used for traditional non-telecommunications purchases, may be used for telephone calling via a toll free access number, or may be used for a combination of both telecommunications and non-telecommunications services. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute and originate and terminate on Customer-provided switched access lines. Rates are not mileage or time-of-day sensitive.

Maximum, Per Minute Rate: $0.0500

SECTION 4 - CURRENT RATES

4.1 Operator Services

4.1.1 InterLATA / IntraLATA Per Minute Usage Rates

(1) Customer Dialed Calling Card Using LEC Card

All calls are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute.

Rate Per Minute: $0.35

(2) Customer Dialed Calling Card Using Credit Card Operator Station Billed to 3rd Party, Collect; Person-to-Person Billed to Calling Card other than Sent Paid; Real Time Rated Operator Station/Person-to-Person Billed to a Calling Card

All calls are billed in one (1) minute increments after an initial period, for billing purposes, of one (1) minute.

Rate Per Minute: $0.85

SECTION 4 - CURRENT RATES, (CONT'D.)

4.1 Operator Services

4.1.2 InterLATA / IntraLATA Operator Service Charges:

Customer Dialed Calling Card Station	**LEC Card**	**Credit Card**
Customer Dialed / Automated	$1.75	$4.99
Customer Dialed & Operator Assisted	$5.50	$7.50
Customer Dialed / Operator Must Assist	$1.75	$4.99
Operator Dialed Calling Card Station	$5.50	$7.50

Operator Station	**Automated**	**Operator Assisted**
Collect	$5.99	$7.50
Billed to 3rd Party	N/A	$9.99
Person-to-Person	N/A	$12.50

SECTION 4 - CURRENT RATES, (CONT'D.)

4.2 Toll Free Access Operator Services

4.2.1 Optional Rate Plan 1

Aggregators who choose these plans must select from the following billing increments:

A. Initial billing period: 1 minute; Additional billing period: 1 minute
B. Initial billing period: 3 minutes; Additional billing period: 1 minute
C. Initial billing period: 3 minutes; Additional billing period: 3 minutes

Per Minute Usage Rates: $0.69

Per Call Operator Service Charges:

Customer Dialed Calling Card Station: $4.99
Operator Dialed Calling Card Station: $7.50

	Automated	**Live**
Collect	$4.99	$6.99
Billed to Third Party	n/a	$12.50
Person to Person	n/a	$12.50

SECTION 4 - CURRENT RATES, (CONT'D.)

4.2 Toll Free Access Operator Services, (Cont'd.)

4.2.2 Optional Rate Plan 2

Aggregators who choose these plans must select from the following billing increments:

A. Initial billing period: 1 minute; Additional billing period: 1 minute
B. Initial billing period: 3 minutes; Additional billing period: 1 minute
C. Initial billing period: 3 minutes; Additional billing period: 3 minutes

Per Minute Usage Rates: $0.99

Per Call Operator Service Charges:

Customer Dialed Calling Card Station:	$4.99
Operator Dialed Calling Card Station:	$7.50

	Automated	**Live**
Collect	$4.99	$6.99
Billed to Third Party	n/a	$12.50
Person to Person	n/a	$12.50

SECTION 4 - CURRENT RATES, (CONT'D.)

4.2 Toll Free Access Operator Services, (Cont'd.)

4.2.3 Optional Rate Plan 3

Aggregators who choose these plans must select from the following billing increments:

A. Initial billing period: 1 minute; Additional billing period: 1 minute
B. Initial billing period: 3 minutes; Additional billing period: 1 minute
C. Initial billing period: 3 minutes; Additional billing period: 3 minutes

Per Minute Usage Rates:	$1.15	
Per Call Operator Service Charges:		
Customer Dialed Calling Card Station:	$4.99	
Operator Dialed Calling Card Station:	$7.50	
	Automated	**Live**
Collect	$5.99	$7.99
Billed to Third Party	n/a	$12.50
Person to Person	n/a	$12.50

SECTION 4 - CURRENT RATES, (CONT'D.)

4.3 Public Telephone Surcharge

Per Call Charge: $0.50

4.4 Busy Line Verification and Interrupt Service

	Per Call
Busy Line Verification	$5.00
Emergency Interruption	$5.00

4.5 Directory Assistance

Per Call Charge: $1.25

4.6 Non-subscriber Service Charge

Per Call Charge: $1.25

4.7 Bill Statement Fee

Monthly charge, per bill statement: $2.49

4.8 Location Surcharge

Per Call Fee $1.00

4.9 Aggregator Service

IntraLATA:

3 minute minimum:	$0.50
Each Additional 3 minutes:	$0.50

InterLATA:

2 minute minimum:	$0.50
Each Additional 2 minutes:	$0.50

SECTION 4 - CURRENT RATES, (CONT'D.)

4.10 Phone1 Toll Services

A. Phone1 Prepaid Calling Card with PIN Service

	Per Minute Rate
Local Access	$0.0182
Toll Free Access	$0.0382
Maintenance Fee:	$0.75 after first use $0.50 every 3 days thereafter

B. Phone1 Club – PINLess Prepaid Toll Service

Per Minute Rate: $0.0500

C. Phone1 Club Prepaid Toll Service

Per Minute Rate: $0.0500

SECTION 4 - CURRENT RATES, (CONT'D.)

4.10 Phone1 Toll Services, (Cont'd.)

D. Residential and Business Toll Service

Per Minute Rate:	$0.0500

E. Phone1 Joint Use Pre-Authorized Card Service

Per Minute Rate:	$0.0500

SECTION 5 - PROMOTIONS

5.1 Promotions - General

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some of all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. All promotions will be filed with the Commission prior to offering them to Customers.

5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four (4) minutes duration over its network.

SECTION 6 - CONTRACT SERVICES

6.1 General

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this Tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six (6) months after the initial offering to the first contract Customer for any given set of terms.

EXHIBIT VI

Phone1, Inc.

Authorized Utility Representative Form

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION 103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Phone1, Inc.
100 N Biscayne Boulevard, 25th Floor
Miami, Florida 33132
Phone: 305-371-3300
Fax: 305-371-4686
Toll-Free: 866-674-6631

A. General Manager Representative, Phone Number, Fax Number & E-Mail Address:
Dilowe Barker
Phone1, Inc.
100 N Biscayne Boulevard, 25th Floor
Miami, Florida 33132
Phone: 305-371-3300
Fax: 305-371-4686
Toll-Free: 866-674-6631
E-Mail:

B. Customer Relations (Complaints) Representative:

Toll-Free: 800-658-6041

C. Engineering Operations Representative:

Phone: 305-371-3300

D. Test & Repair Representative:

Toll-Free: 866-674-6631

E. Contact for Emergencies During Non-Office Hours:

Toll-Free: 866-674-6631

F. Financial Representative:
Peter Yu
Toll-Free: 866-674-6631

G. Customer Contact Telephone Number for Company (Toll-Free)"
Toll-Free: 800-658-6041

If you have any questions, contact the Consumer Services Department at (803-896-5230) or Utilities Department at (803-896-5105)

EXHIBIT VII

Phone1, Inc.

Proposed Notice of Filing and Hearing

NOTICE OF FILING AND HEARING

Phone1, Inc. ("Applicant") filed an Application with the Public Service Commission of South Carolina for a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange telecommunications services. The Applicant will operate as a reseller of existing facilities and will provide direct dial to end users and operator-assisted service locations. The Applicant further requests that its interexchange services be regulated pursuant to the procedures described and set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C.

A copy of the Application is on file in the offices of the Public Service Commission of South Carolina, 101 Executive Center Drive, Saluda Building, Columbia, South Carolina 29210; and is available through John J. Pringle, Jr., Esquire, ELLIS LAWHORNE & SIMS, PA, 1501 Main Street, 5th Floor, Columbia, South Carolina 29201.

PLEASE TAKE NOTICE a hearing, on the above matter has been scheduled to begin at _______________ before Hearing Examiner ____________ in the Commission's Meeting Room at 101 Executive Center Drive, Saluda Building, Columbia, South Carolina 29210.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before ________**, 2006** and indicate the amount of time required for his presentation. *Please refer to Docket No. 2006-___-C.*

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department in writing at the address below on or before ______**, 2006**. *Please refer to Docket 2006-____-C.*

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as a part of the official record of this proceeding **MUST** present such comments, in person, to the Hearing Officer during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission by dialing (803) 896-5100.

Public Service Commission of South Carolina
Docketing Department
P.O. Drawer 11649
Columbia, South Carolina 29211

AUGUST -___-06